

Pricing Supplement

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND)**

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND) AUSTRALIA BRANCH**

(Australian Business Number 70 003 917 655)

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND) SINGAPORE BRANCH**

(Singapore Company Registration Number F03634W)

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

RABO AUSTRALIA LIMITED

(Australian Business Number 39 060 452 217)

(incorporated under the Corporations Act 2001 of Australia)

RABOBANK IRELAND PLC

(a company incorporated with limited liability in Ireland)

Euro 60,000,000,000

Global Medium-Term Note Programme

Due from seven days to perpetuity

Guaranteed in respect of Notes issued by Rabo Australia Limited and
Rabobank Ireland plc by

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND)**

SERIES NO: 1288A

TRANCHE NO: 1

EUR 290,000,000 Callable Fixed to Index Linked Notes 2005 due 2035

Issue Price: 100.00 per cent.

Rabobank International

The date of this Pricing Supplement is 21 March 2005

This Pricing Supplement, under which the Notes described herein (the “Notes”) are issued, contains the final terms of the Notes and must be read in conjunction with the Offering Circular (the “Offering Circular”) dated October 15, 2004, issued in relation to the Euro 60,000,000,000 Global Medium-Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch, Rabo Australia Limited and Rabobank Ireland plc guaranteed in respect of Notes issued by Rabo Australia Limited and Rabobank Ireland plc by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. Each Issuer (in relation to itself) and the Guarantor (in relation to each Issuer and itself) accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

In the event of inconsistency between the Offering Circular and this Pricing Supplement, the terms set out in this Pricing Supplement shall be decisive.

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the Euro 60,000,000,000 Global Medium-Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch, Rabo Australia Limited and Rabobank Ireland plc guaranteed in respect of Notes issued by Rabo Australia Limited and Rabobank Ireland plc by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland).

In conformity with article 14.1 of the Listing Procedure Rules (*Reglement Procedure Beursnotering*) of Euronext Amsterdam N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) in its capacity as Amsterdam Listing Agent has not made a due diligence investigation with respect to the Offering Circular pursuant to the Listing Procedure Rules.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

Please find some additional selling restrictions in item 36 of this Pricing Supplement.

There has been no significant change in the financial or trading position of the Issuer since 30 June 2004 and no material adverse change in the financial position or prospects of the Issuer since 31 December 2003.

1	Issuer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
2	(i) Series Number:	1288A
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Euro (“EUR”)
4	Aggregate Nominal Amount:	
	(i) Series:	EUR 290,000,000
	(ii) Tranche:	EUR 290,000,000
5	(i) Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii) Net Proceeds:	EUR 290,000,000
6	Specified Denominations:	EUR 1,000
7	Issue Date:	23 March 2005
8	Maturity Date:	23 March 2035
9	Domestic Note: (if Domestic Note, there will be no gross-up for withholding tax)	No
10	Interest Basis:	Fixed Rate changing into Floating Rate (further particulars specified below)
11	Redemption/Payment Basis:	Redemption at par
12	Change of Interest or Redemption/Payment Basis:	For the period from and including the Issue Date to but excluding 23 March 2008 the Notes shall bear interest at the Fixed Rate (the “ Fixed Rate Notes ”); and For the period from and including 23 March 2008 to but excluding the Maturity Date the Notes shall bear interest at the Floating Rate (the “ Floating Rate Notes ”)
13	Put/Call Options:	Call (further particulars specified below)
14	Status of the Notes:	Senior
15	Listing:	Stock market of Euronext Amsterdam N.V.
16	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	7.00 per cent. per annum payable annually in arrear

(ii) Interest Payment Date(s):	23 March 2006, 23 March, 2007 and 23 March 2008
(iii) Fixed Coupon Amounts:	EUR 70.00 per EUR 1,000 in nominal amount
(iv) Broken Amount:	Not Applicable
(v) Day Count Fraction:	Actual/Actual – ISMA, unadjusted
(vi) Determination Date(s) (Condition 1(a)):	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable

18 Floating Rate Provisions

Applicable

(i) Interest Period(s):	The Interest Periods shall be from and including 23 March to but excluding 23 March in each year
(ii) Specified Interest Payment Dates:	Interest will be payable annually in arrear on 23 March in each year, commencing on 23 March 2009 and ending on the Maturity Date.
(iii) Business Day Convention:	Following Business Day Convention
(iv) Business Centre(s) (Condition 1(a)):	TARGET
(v) Manner in which the Rate(s) of Interest is/are to be determined:	ISDA Rate Determination The Rate of Interest for each Interest Period is determined by the Calculation Agent in accordance with the following formula: 4 x (EUR-ISDA-EURIBOR Swap Rate-11:00 with a Designated Maturity of 10 years minus EUR-ISDA-EURIBOR Swap Rate-11:00 with a Designated Maturity of 2 years)
(vi) Interest Period Date(s):	Not Applicable
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	Not Applicable
(viii) Screen Rate Determination (Condition 1(a)):	Not Applicable
(ix) ISDA Determination (Condition 1(a)):	Applicable
- Floating Rate Option:	EUR-ISDA-EURIBOR Swap Rate-11:00
- Designated Maturity:	As set out in 18(v) above
- Reset Date:	The first Business Day of each Interest Period
- ISDA Definitions: (if different from those set out in the Conditions)	Not Applicable

(x)	Margin(s):	Not Applicable
(xi)	Minimum Rate of Interest:	2.00 per cent. Per annum
(xii)	Maximum Rate of Interest:	9.00 per cent. Per annum
(xiii)	Day Count Fraction (Condition 1(a)):	Actual/Actual – ISMA, unadjusted
(xiv)	Rate Multiplier:	Not Applicable
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not Applicable

19 Zero Coupon Note Provisions Not Applicable

20 Index Linked Interest Note Provisions Not Applicable

21 Dual Currency Note Provisions Not Applicable

PROVISIONS RELATING TO REDEMPTION

22 Call Option Applicable

(i)	Optional Redemption Date(s):	23 March 2010, 23 March 2015, 23 March 2020, 23 March 2025 and 23 March 2030
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	EUR 1,000 per Note of EUR 1,000 Specified Denomination
(iii)	If redeemable in part:	Not Applicable
(iv)	Option Exercise Date(s):	Not Applicable
(v)	Description of any other Issuer's option:	Not Applicable
(vi)	Notice period (if other than as set out in the Conditions):	Not less than five (5) TARGET Business Days prior to the relevant Optional Redemption Date

23 Put Option Not Applicable

24 Final Redemption Amount EUR 1,000 per Note of EUR 1,000 Specified Denomination

25 Early Redemption Amount

(i)	Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 7(c)) or an event of default (Condition 11) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	As set out in the Conditions
(ii)	Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 7(c)):	Yes

- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 8 (f)): Yes

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	Bearer Notes
	(i) Temporary or permanent global Note/Certificate:	Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note
	(ii) Applicable TEFRA exemption:	D Rules
27	Financial Centre(s) (Condition 8(h)) or other special provisions relating to payment dates:	TARGET
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30	Details relating to Instalment Notes:	Not Applicable
31	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
32	Consolidation provisions:	Not Applicable
33	Other terms or special conditions:	So long as Bearer Notes are represented by a permanent Global Note and the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, notwithstanding Condition 15, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders. Any notice thus delivered to that clearing system shall be deemed to have been given to the Noteholders on the day on which that notice is delivered to the clearing system.

DISTRIBUTION

34	If syndicated, names of Managers:	Not Applicable
35	If non-syndicated, name of Dealer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)

Belgium

The Offering Circular and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this (these) document(s) or commented as to its (their) accuracy or adequacy or recommended or endorsed the purchase of Notes.

The Dealer has represented and agreed that it will not:

- a) offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 22nd April, 2003 on the public offer of securities; or
- b) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14th July, 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

Greece

The Dealer has represented and agreed that it has not publicly offered or sold and will not publicly offer or sell any Notes, in, or to persons in, the Hellenic Republic, or engage in advertisements, notices, statements or other actions in the Hellenic Republic, with a view to attracting resident investors in the Hellenic Republic to acquire Notes. All applicable provisions of law 876/1979 and Presidential Decree 52/1992, as now in force, must be complied with in respect of anything done with regard to the public offering of Notes in, from or otherwise involving the Hellenic Republic.

Luxembourg

The Notes may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg, directly or indirectly and neither this document, nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available, or

from, or published in, the Grand Duchy of Luxembourg, except for the sole purpose of the listing of the Notes on the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities.

Portugal

The Issuer and the Dealer have represented and agreed that, in connection with their distribution, they have not offered or sold and will not offer or sell, directly, the Notes to the public in Portugal, and have not distributed or caused to be distributed and shall not distribute or cause to be distributed to the public in Portugal, the Offering Circular or any other offering material relating to the Notes, and that such offers, sells and distributions have been and shall only be made in Portugal, through private offer, to institutional investors, all as defined in and in accordance with articles 30, 109 and 110 of the Portuguese Securities Code.

Spain

The Notes may not be offered or sold in Spain by means of a public offer as defined and construed by Spanish law but may be offered or sold in Spain in compliance with the requirements of Law 24/1998, of 28th July (as amended by Law 37/1998, of 16th November), on the Spanish Securities Market and the Royal Decree 291/1992, of 27th March (as amended by the Royal Decree 2590/1998, of 7th December), on issues and public offers for the sale of securities.

Switzerland

No public offering may be made in Switzerland with respect to the Notes.

37	Costs of Issue:	Not Applicable ¹
38	Subscription period:	Not Applicable

¹ The costs in relation to the listing of the Notes at Euronext Amsterdam N.V. will not be borne by the Noteholders, but by the Issuer/Dealer. Please note that these costs are not of a material nature

OPERATIONAL INFORMATION

39	ISIN Code:	XS0214155458
40	Common Code:	021415545
41	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
42	Delivery:	Delivery against payment
43	The Agents appointed in respect of the Notes are:	Fiscal and Paying Agent: Deutsche Bank AG London Paying Agent: Deutsche Bank Luxembourg S.A. and Rabo Securities N.V. Calculation Agent: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Utrecht Branch

GENERAL

44	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 12(a):	Not Applicable
45	The aggregate principal amount of Notes issued has been translated into Euro at the rate of [•] producing a sum of (for Notes not denominated in Euro):	Not Applicable
46	In the case of Notes listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V.:	Applicable
	(i) Listing:	The Issuer undertakes to comply with the provisions (as far as applicable) of Appendix VII and Schedule B, under 2.1.20 of the Listing and Issuing Rules (<i>Fondsenreglement</i>) of Euronext Amsterdam N.V. as in force on the Issue Date
	(ii) Numbering and letters:	Not Applicable
	(iii) Whether CF-Form Notes will be issued:	No
	(iv) Numbering and letters of CF-Form Notes:	Not Applicable
	(v) Net proceeds:	The net proceeds of the issue of the Notes amount to approximately EUR 290,000,000
	(vi) Amsterdam Listing Agent:	Rabobank Nederland
	(vii) Amsterdam Paying Agent:	Rabo Securities N.V.

(viii) Notices:

In addition to Condition 15, notices will be published in the Euronext Official Daily List ('**Daily Official List**') of Euronext Amsterdam N.V. and a daily newspaper of general circulation in the Netherlands

47 Effective yield at Issue Price:

Not Applicable

48 Date of Pricing Supplement:

21 March 2005

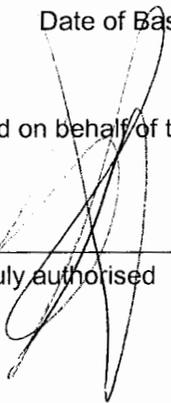
49 Date of Base Offering Circular:

15 October 2004

Signed on behalf of the Issuer:

By:

Duly authorised

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is highly cursive and loops around the line.

Offering Circular



Rabobank Nederland

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch
(Australian Business Number 70 003 917 655)**

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch
(Singapore Company Registration Number F03634W)**

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

Rabo Australia Limited

(Australian Business Number 39 060 452 217)

(incorporated under the Corporations Act 2001 of Australia)

Rabobank Ireland plc

(a company incorporated with limited liability in Ireland)

Euro 60,000,000,000

Global Medium-Term Note Programme

Due from seven days to perpetuity

Guaranteed by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

Under the Global Medium-Term Note Programme described in this Offering Circular (the 'Programme'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland' or the 'Bank'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch ('Rabobank Australia Branch'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch ('Rabobank Singapore Branch'), Rabo Australia Limited ('Rabo Australia' or 'Rabo Australia Limited') and Rabobank Ireland plc ('Rabobank Ireland' and, together with Rabobank Nederland, Rabobank Australia Branch, Rabobank Singapore Branch and Rabo Australia, the 'Issuers' and each, in relation to Notes issued by it, an 'Issuer'), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Global Medium-Term Notes (the 'Notes'). Notes issued by Rabo Australia and Rabobank Ireland will be unconditionally and irrevocably guaranteed (the 'Guarantee') by Rabobank Nederland (in such capacity, the 'Guarantor', although references to 'Rabobank Nederland' should be construed as references to Rabobank Nederland in its capacities as Issuer or Guarantor, as the context so requires). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 60,000,000,000 (or the equivalent in other currencies). The Programme is, and Notes issued under it may be, denominated in 'Euro', which means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992).

Application has been made to list the Notes issued under the Programme within 12 months of this Offering Circular on the Luxembourg Stock Exchange and on the Official Segment of the Stock Market of Euronext Amsterdam N.V. However, unlisted Notes may be issued pursuant to the Programme. The relevant pricing supplement to this Offering Circular (the 'Pricing Supplement') in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange or the Official Segment of the Stock Market of Euronext Amsterdam N.V. (or any other stock exchange). This Offering Circular will be considered a prospectus for purposes of the Dutch securities market.

The Notes of each Tranche (as defined herein) in bearer form will initially be represented by a temporary global note in bearer form, without interest coupons (each a 'temporary Global Note'). Notes in registered form will be represented by registered certificates (each a 'Certificate'), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes (as defined below) of one Series and may be represented by a Global Certificate (as defined below). Global Notes (as defined below) and Certificates may, and temporary Global Notes will, be deposited on the issue date either with (a) a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('Euroclear') and Clearstream Banking, société anonyme ('Clearstream, Luxembourg') or (b) such other clearing system as agreed between the relevant Issuer and the relevant Dealer. Interests in temporary Global Notes will be exchangeable for interests in permanent global notes (each a 'permanent Global Note' and, together with the temporary Global Notes, the 'Global Notes'), or if so stated in the relevant Pricing Supplement, definitive Notes ('Definitive Notes'), after the date falling 40 days after the completion of the distribution of such Tranche upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under 'Summary of Provisions Relating to the Notes while in Global Form'. Notes of each Tranche of each Series to be issued in registered form ('Registered Notes') and which are sold in an 'offshore transaction' within the meaning of Regulation S ('Unrestricted Notes') under the U.S. Securities Act of 1933 (the 'Securities Act') will initially be represented by a permanent registered global certificate (each an 'Unrestricted Global Certificate'), without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a common depository on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg, The Depository Trust Company ('DTC') or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer.

Registered Notes issued by Rabobank Nederland which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ('Restricted Notes') will initially be represented by a permanent registered global certificate (each a 'Restricted Global Certificate' and, together with the 'Unrestricted Global Certificate', the 'Global Certificates'), without interest coupons, which may be deposited on the issue date either with (a) a common depository on behalf of Euroclear and Clearstream, Luxembourg, or (b) a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Only Rabobank Nederland may issue Notes which are offered and sold in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act and are issued as Restricted Notes represented by a Restricted Global Certificate.

Beneficial interests in Global Certificates held by Euroclear, Clearstream, Luxembourg and/or DTC will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and/or DTC and their participants. See 'Clearing and Settlement'. The provisions governing the exchange of interests in the Global Notes and in each Global Certificate are described in 'Summary of Provisions Relating to the Notes while in Global Form'. Notes in bearer form that are to be listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V. may be issued in collective form to be held by the Centre for Securities Administration (Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie B.V.) ('CF-Form Notes'). Senior Notes issued under the Programme have been rated Aaa by Moody's Investors Service, Inc. ('Moody's') and AA+ by Fitch Ratings Ltd. Senior Long-Term Notes have been rated AAA by Standard & Poor's Ratings Services ('Standard & Poor's'). Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to Senior Notes issued under the Programme. None of these ratings is a recommendation to buy, sell or hold securities and any of them may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without prior notice.

This Offering Circular supersedes and replaces the Offering Circular dated October 7, 2003.

Dealers

Rabobank International
Citigroup
Daiwa Securities SMBC Europe
JPMorgan
Mizuho International plc

BNP PARIBAS
Credit Suisse First Boston
Goldman Sachs International
Merrill Lynch International
Morgan Stanley

UBS Investment Bank

Arranger for the Programme
Goldman Sachs International

The date of this Offering Circular is October 15, 2004.



Rabobank Nederland

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

(a coöperatie formed under the law of the Netherlands with its statutory seat in Amsterdam)

as issuer of COINs under the

Euro 60,000,000,000 Global Medium-Term Note Programme Due from seven days to perpetuity

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Nederland', the 'Bank' or the 'Issuer') may, subject to compliance with all relevant laws, regulations and directives, from time to time agree with Deutsche Bank AG London (together with any other entity appointed from time to time as a COINs Manager, the 'COINs Managers') to issue Notes on a continually offered basis to investors (referred to as continually offered investor notes or 'COINs') under the Programme pursuant to a COINs Underwriting Agreement dated February 6, 2004 (as further amended, supplemented and/or restated from time to time, the 'COINs Underwriting Agreement') to be entered into between the Issuer and the COINs Managers. The COINs Underwriting Agreement is supplemental to the Distribution Agreement (as defined below).



COINs Arranger

Deutsche Bank AG London

The date of this Offering Circular is October 15, 2004

Each Issuer (in relation to itself) and the Guarantor (in relation to each Issuer and itself) having made all reasonable enquiries confirms that this document contains all information with respect to the Issuers, the Guarantor, the Guarantor and its members, subsidiaries and affiliates taken as a whole (the 'Group' or the 'Rabobank Group') and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuers, the Guarantor, the Group and the Notes are in every material particular true and accurate and not misleading and the opinions and intentions expressed in this Offering Circular with regard to the Issuers, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions. They also confirm that there are no other facts in relation to the Issuers, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements. Each Issuer and the Guarantor accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers or the Arranger (as defined in 'Summary — The Programme'). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuers, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are being sold pursuant to an exemption from the registration requirements of such Act. The Notes include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and (in the case of Restricted Notes issued by Rabobank Nederland) within the United States to 'qualified institutional buyers' in reliance on Rule 144A under the Securities Act ('Rule 144A'). Prospective purchasers are hereby notified that sellers of Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular or any Pricing Supplement or any other offering material relating to the Notes, see 'Plan of Distribution' and 'Transfer Restrictions'. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

The Notes and the Guarantee have not been approved or disapproved by the U.S. Securities and Exchange Commission (the 'SEC'), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of

the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Dealers or the Arranger that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers nor the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with any tranche of a Series of Notes (a 'Tranche'), one of the Dealers will act as a stabilising agent (the 'Stabilising Agent'). The identity of the Stabilising Agent shall be disclosed in the relevant Pricing Supplement. References in the next paragraph to 'this issue' are to each Tranche in relation to which a Stabilisation Agent is appointed.

In connection with this issue, the Stabilising Agent or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to 'U.S.\$', 'US\$', 'USD' and 'U.S. Dollars' are to the lawful currency of the United States, to 'AUD' and 'Australian dollars' are to the lawful currency of Australia, to 'Euro', 'euro', 'EUR' and '€' are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, to 'sterling', 'pounds sterling' or '£' are to the lawful currency of the United Kingdom, and to '¥', 'JPY' and 'Yen' are to the lawful currency of Japan.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ('RSA') WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the three most recently published audited annual consolidated and non-consolidated accounts of Rabobank Nederland, the three most recently published audited annual accounts of Rabo Australia and the three most recently published audited annual accounts of Rabobank Ireland, as appropriate, and the half yearly interim accounts (which are unaudited) published subsequently to such annual accounts, of Rabobank Nederland, from time to time, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Rabobank Australia Branch does not publish annual accounts. Rabobank Singapore Branch prepares and files with the Accounting and Corporate Regulatory Authority in Singapore annual statutory accounts, which accounts are not incorporated by reference herein. Neither Rabobank Australia Branch, Rabobank Singapore Branch, Rabo Australia nor Rabobank Ireland publishes interim accounts. The above referenced financial statements are incorporated herein by reference.

The Articles of Association of Rabobank Nederland, last amended on June 25, 2004, the Constitution of Rabo Australia, last amended September 30, 2003, and the Memorandum and Articles

of Association of Rabobank Ireland, last amended May 28, 2001, are incorporated herein by reference.

Each of the Issuers and the Guarantor will provide, without charge, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the relevant Issuer or, as the case may be, the Guarantor, at its office set out at the end of this Offering Circular. In addition, such documents will be available, without charge, from the principal office in England of the Arranger and of the paying agent in Luxembourg.

AVAILABLE INFORMATION UNDER RULE 144A

Rabobank Nederland is exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934 (the 'Exchange Act'). As long as Rabobank Nederland is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, it will furnish its Annual Report and certain other periodic reports and information to the SEC. At such time of filing Rabobank Nederland will be exempt from providing the information required under Rule 144A(d)(4) described in the paragraph below. Copies of the materials furnished to the SEC may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and will also be available for inspection and copying at the regional office of the SEC located at Citicorp Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661.

Rabobank Nederland has agreed that, for so long as any Notes issued by it are 'restricted securities' within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Rabobank Nederland is not, nor does it intend to become, a reporting company under Section 13 or Section 15(d) of the Exchange Act. Any such request for information should be directed to Rabobank Nederland at its office set out at the end of this Offering Circular.

OFFERING CIRCULAR

Each of the Issuers and the Guarantor has agreed, in connection with the listing of the Notes on the Luxembourg Stock Exchange, to supply the Luxembourg Stock Exchange with such documents and information as may be necessary in connection with the listing of the Notes on the Luxembourg Stock Exchange. Each of the Issuers and the Guarantor will prepare a revised or Supplemental Offering Circular setting out the changes in the operations and financial condition of the Issuers and the Guarantor at least every year after the date of this Offering Circular and each subsequent Offering Circular and also if there is any adverse change in the business or financial position of any Issuer or the Guarantor, or any change in the terms and conditions of the Notes. This Offering Circular will be considered a prospectus for purposes of the Dutch securities market.

Each of the Issuers with respect to itself and the Guarantor with respect to Rabo Australia and Rabobank Ireland has given an undertaking to the Dealers that if at any time during the duration of the Programme any event occurs which would make a statement of fact contained in this Offering Circular concerning any of the Issuers, the Guarantor or the Programme not true and accurate in all material respects or make this Offering Circular omit any fact concerning any Issuer, the Guarantor or the Programme which is material in the context of the Programme or the omission of which would make misleading in any material respect any statement contained in this Offering Circular, whether of fact or opinion, each of Rabobank Nederland, Rabobank Australia Branch, Rabobank Singapore Branch, Rabo Australia and Rabobank Ireland shall prepare an amendment or supplement to this Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes 'forward-looking statements' within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuers' and Guarantor's financial position, business strategy, plans and objectives of management for

future operations (including development plans and objectives relating to the Issuers' and Guarantor's products), are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuers or Guarantor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuers' and Guarantor's present and future business strategies and the environment in which the Issuers and Guarantor will operate in the future.

The important factors that could cause the Issuers' or Guarantor's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, changes or downturns in the Dutch economy or the economies in other countries in which the Issuers and Guarantor conduct business and the impact of fluctuations in foreign exchange rates and interest rates.

These forward-looking statements speak only as of the date of this Offering Circular. Other than as required by law or the rules and regulations of the relevant stock exchange, each of the Issuers and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuers' or Guarantor's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

SPECIAL CONSIDERATIONS

The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Offering Circular and, in particular but not limited to, the considerations set forth below and, if applicable, in the Pricing Supplement.

Index Linked Notes differ from ordinary debt securities in that amounts due in respect of principal and/or interest will be dependent upon the performance of the underlying index, which itself may contain substantial credit, interest rate or other risks.

If Dual Currency has been declared applicable in the relevant Pricing Supplement, payments (whether in respect of repayment or interest and whether at maturity or otherwise) will be made in such currencies and based on such rates of exchange as may be specified in the relevant Pricing Supplement. The Noteholder may be exposed to currency risk in such event.

If the Notes are denominated in another currency than the currency of the country in which the Noteholder is resident, the Noteholder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Noteholder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices in another currency than the currency in which the relevant Note is denominated.

None of the Issuers, the Guarantor, the Dealers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective purchaser may not rely on the Issuers, the Guarantor, the Dealers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

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SUMMARY

The following summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere or incorporated by reference in this Offering Circular. Unless the context otherwise requires, references in this summary to the 'Rabobank Group', 'Rabobank' or the 'Group' are to Rabobank Nederland and its members, subsidiaries and affiliates, and references to the 'Bank' are to Rabobank Nederland.

Rabobank

Rabobank, founded over a century ago, is one of the largest banking groups in the Netherlands and ranks in the top 25 banking institutions in the world in terms of total assets and Tier 1 capital. The Group is a cooperative banking organisation comprised of Rabobank Nederland (a cooperative entity licensed as a credit institution in the Netherlands), Rabobank Nederland's local member credit institutions (the 'Local Rabobanks') and numerous specialised finance and other subsidiaries. A system of cross guarantees provides for intra-Group credit support among Rabobank Nederland, all Local Rabobanks and certain subsidiaries in the event of a shortfall in assets in one of the entities. In the Netherlands, the Rabobank Group follows an '*Allfinanz*' concept, meaning it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance, leasing and real estate to a wide range of both individual and corporate customers. As an *Allfinanz* provider, the Group focuses on operations that produce fee-based income in addition to the Group's traditional interest-based income sources. For example, Rabobank is active in insurance through Interpolis N.V., in 2003 the fifth largest Dutch insurance company in terms of premium turnover, and in asset management through Robeco Group N.V., the largest Dutch retail investment manager in terms of assets under management, in which Rabobank Nederland owns a 100 per cent. equity interest. Internationally, Rabobank pursues a niche strategy in investment and international corporate banking through Rabobank International. At June 30, 2004, the Rabobank Group operated in the Netherlands through 321 Local Rabobanks and 1,672 offices and internationally through overseas offices in countries outside the Netherlands.

Since Rabobank first obtained its credit ratings in 1984, it has generally received AAA ratings for its senior unsecured long term debt from Moody's and Standard & Poor's.

At June 30, 2004, Rabobank had total assets of EUR 440 billion, loans outstanding to private sector borrowers amounting to EUR 245.6 billion (net of reserves for loan losses), group equity of EUR 24.7 billion, funds entrusted of EUR 180.5 billion and EUR 75.1 billion in savings accounts. Rabobank's pre-tax return on average group equity for the half year ended June 30, 2004 was 11.5 per cent. (expressed on an annualized basis).

Objects

According to article 3 of its Articles of Association, the object of Rabobank Nederland is to promote the interests of its members, the Local Rabobanks. It shall do so by: (i) promoting the establishment, continued existence and development of cooperative banks, (ii) conducting the business of banking in the widest sense, especially by acting as central bank for its members and as such entering into agreements with its members, (iii) negotiating rights on behalf of its members and, with due observance of the relevant provisions of the Articles of Association, entering into commitments on their behalf, provided that such commitments have the same implications for all its members, including the entering into collective labor agreements on behalf of its members, (iv) participating in, managing and providing services to other enterprises and institutions, in particular enterprises and institutions operating in the fields of insurance, lending, investments and/or other financial services, (v) supervising the Local Rabobanks in accordance with the provisions of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*), hereinafter referred to as the 'Netherlands Act', and (vi) doing all such other things as may be regarded as being incidental or conducive to the attainment of the objects specified under above.

Market Position in the Netherlands

Rabobank has a customer base of approximately nine million customers, which means that more than half the population of the Netherlands buys one or more products from the Rabobank Group. Rabobank Nederland acts as central bank for 321 Local Rabobanks (at June 30, 2004), from which the Group's members are drawn. Through these Local Rabobanks and their branches and agencies,

Rabobank has built a domestic customer franchise with substantial market shares (based on management estimates) in the following areas:

Residential mortgages: as of June 30, 2004 21 per cent. of the domestic share by amount is provided by Local Rabobanks and another 5 per cent. by Obvion N.V., Rabobank's mortgage loan joint venture with the ABPPension Funds, making Rabobank one of the largest residential mortgage providers in the Netherlands;

Savings deposits of individuals: as of June 30, 2004 38 per cent. market share by amount in the Dutch private savings deposits market, which provides a substantial part of the Bank's funding;

Lending to small and medium-sized Dutch businesses: at the end of 2003 39 per cent. of small enterprises with less than 100 employees maintain their principal banking relationship with Rabobank;

Agricultural loans: at the end of 2003 85 per cent. by amount of all Dutch agricultural bank loans.

Focused International Expansion

Rabobank's international expansion strategy is focused on following Dutch corporates and individual customers overseas, providing financial services in sectors in which Rabobank has traditionally operated, such as the food and agriculture industries, and on establishing and developing retail operations abroad, or 'country-banking'.

Asset Quality Record

A substantial percentage of the Group's commercial lending is undertaken on a short-term basis and most of it is secured, often by real estate, within stringent loan-to-value levels. Consequently, the quality of the Group's assets has traditionally been strong, even during periods of stress in the Dutch economy. The 15-year weighted average of loan loss provisions as a percentage of private sector loans outstanding was 0.22 per cent. at June 30, 2004.

At December 31, 2003, economic country risk exposure to non-industrial countries represented 2.1 per cent. of total assets. Having taken into account country risk reducing components, net country risk before provisions amounted to 0.8 per cent. of the Group's total assets.

Capitalisation

As a result of Rabobank's cooperative ownership structure, it is not allowed to pay dividends, which benefits its capital base. Because a large part of Rabobank's assets is invested in residential mortgages, its risk adjusted capital ratios compare favourably to its peer banks. At June 30, 2004, Rabobank had a Tier 1 ratio of 10.6.

SUMMARY FINANCIAL INFORMATION

The following table presents certain historical consolidated financial information for the Rabobank Group. This information should be read in conjunction with the Rabobank audited consolidated financial statements and the section entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' which appear elsewhere in this Offering Circular.

The five year key figures at and for the years ended December 31, 1999 to 2003 have been derived from the corresponding Rabobank financial statements, which have been audited by Ernst & Young Accountants, independent auditor in the Netherlands ('Ernst & Young'). The Rabobank audited consolidated financial statements have been prepared in accordance with Dutch GAAP, which differ in certain significant respects from U.S. GAAP. See 'Summary of Principal Differences between Dutch GAAP and U.S. GAAP' for a description of the principal differences between Dutch GAAP and U.S. GAAP as they relate to Rabobank.

The following table also presents certain interim financial information for Rabobank at and for the dates indicated. This information should be read in conjunction with the Rabobank unaudited condensed interim financial information and the section entitled 'Recent Developments' appearing elsewhere in this Offering Circular. The summary financial data at and for the six-month periods ended June 30, 2003 and 2004 has been derived from the unaudited interim financial information for those periods included herein and includes, in the opinion of Rabobank, all adjustments necessary for a fair presentation of such information. The results of operations for the six months ended June 30, 2004 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2004 or any other period.

	For the year ended and as at December 31, ⁽⁵⁾					For the six months ended and as at June 30, ⁽⁵⁾	
	2003	2002	2001	2000	1999	2004	2003
Volume of services (in EUR millions)							
Total assets	403,305	374,720	363,679	342,920	281,218	440,348	402,367
Private sector lending	235,425	212,323	197,262	179,137	161,074	245,560	221,688
Funds entrusted	172,571	171,632	172,174	146,705	127,527	180,484	180,878
Assets managed ⁽¹⁾	184,000	168,000	194,400	166,100	139,800	194,500	175,100
Premium income, insurance	3,893	3,660	3,926	3,417	2,867	2,231	2,256
Financial position and solvency (in EUR millions)							
Reserves ⁽³⁾	15,233	14,261	12,380 ⁽²⁾	12,458	11,217	16,022	14,819
Tier I capital	19,660	17,202	15,092 ⁽²⁾	14,653	13,007	20,465	17,755
Tier I + Tier II capital	19,892	17,414	15,542 ⁽²⁾	15,093	13,650	20,728	18,076
Total risk-weighted assets	182,820	165,843	152,812	142,278	129,801	193,019	174,977
Solvency requirement	14,626	13,268	12,225	11,382	10,384	15,442	13,998
Tier I ratio	10.8	10.3	9.9 ⁽²⁾	10.3	10.0	10.6	10.2
BIS ratio	10.9	10.5	10.2 ⁽²⁾	10.6	10.5	10.7	10.3
Profit and loss account (in EUR millions)							
– Interest ⁽³⁾	5,956	5,345	5,036	4,539	4,494	3,133	2,929
– Commission and other income	3,062 ⁽⁴⁾	3,173	3,352	3,175	2,307	1,781	1,422
Total income	9,018	8,518	8,388	7,714	6,801	4,914	4,351
Operating expenses	6,243	5,839	5,965	5,459	4,826	3,260	2,920
Value adjustments to receivables	575	500	480	360	350	275	275
Value adjustment to financial fixed assets	-148 ⁽⁴⁾	252	59	9	0	-12	-50
Addition to the Fund for general banking risks	0	0	0	52	100	0	0
Operating profit before taxation	2,348	1,927	1,884	1,834	1,525	1,391	1,206
Taxation on operating profit ⁽³⁾	712	496	514	489	421	411	347
Third-party interests	266	209	192	179	87	155	125
Net profit	1,370	1,222	1,178	1,166	1,017	825	734
Ratios							
Efficiency ratio	69.2%	68.5%	71.1%	70.8%	71.0%	66.3%	67.1%
General: Due to consolidation effects, the figures relating to Group entities will not always correspond with Rabobank Group totals. Changes in terms of percentages can vary as a result of rounding.							
(1) Following a change in definitions, the amounts disclosed for assets managed differ from the amounts presented in previous reports.							
(2) The change in accounting policy for pensions as of 1 January 2002 is taken into account in the computation of reserves and of the Tier I and BIS ratio as at 31 December 2001.							
(3) At 1 January 2004 a change in accounting policy concerning the recognition of Trust Preferred Securities was introduced. The comparative figures have been restated accordingly. Please see page 70.							
(4) At 1 January 2004 a change in accounting policy concerning the recognition of Investment results on insurance activities was introduced. The comparative figures have been restated accordingly. Please see page 70.							
(5) Unaudited.							

THE PROGRAMME

Issuers:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch Rabo Australia Limited Rabobank Ireland plc
Guarantor in respect of Notes issued by Rabo Australia Limited and Rabobank Ireland plc:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
Description:	Global Medium-Term Note Programme
Date:	October 15, 2004
Size:	Up to Euro 60,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Use of proceeds:	The net proceeds from the issues of the Notes will be used by each Issuer in connection with its banking business.
Arranger:	Goldman Sachs International
Dealers:	BNP PARIBAS Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse First Boston (Europe) Limited Daiwa Securities SMBC Europe Limited Goldman Sachs International J.P. Morgan Securities Ltd. Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International Limited UBS Limited
	The Issuers may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to 'Permanent Dealers' are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to 'Dealers' are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
COINs Arranger:	Deutsche Bank AG London
Fiscal Agent:	Deutsche Bank AG London
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a 'Series') having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or

different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first interest payment and nominal amount, will be identical to the terms of other Tranches of the same Series) will be set out in a Pricing Supplement.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes:

The Notes may be issued in bearer form only ('Bearer Notes'), in bearer form exchangeable for Registered Notes ('Exchangeable Bearer Notes') or in registered form only. Notes in bearer form that are to be listed on the official segment of the stock market of Euronext Amsterdam may be issued as CF-Form Notes, as provided in the Agency Agreement. Notes issued by Rabobank Ireland will be issued in bearer form only.

Each Tranche of Bearer Notes and Exchangeable Bearer Notes will initially be represented by a temporary Global Note, without interest coupons, which will be deposited on the issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the relevant Issuer and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under 'Summary of Provisions Relating to the Notes while in Global Form'. Interests in a temporary Global Note will be exchangeable for interests in a permanent Global Note or, if so stated in the relevant Pricing Supplement, for Definitive Notes, after the date falling 40 days after the completion of the distribution of the Tranche as certified in writing by the relevant Dealer upon certification as to non-U.S. beneficial ownership. Interests in a permanent Global Note will be exchangeable for Definitive Notes in bearer form or (in the case of Exchangeable Bearer Notes) registered form as described under 'Summary of Provisions Relating to the Notes while in Global Form'.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series and may be represented by a Global Certificate. Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Certificate, without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a common depository on behalf of Euroclear and Clearstream, Luxembourg or (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg, DTC or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (a) with a common depository on behalf of Euroclear and Clearstream, Luxembourg, or (b) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Only Rabobank Nederland may issue Notes which are offered and sold in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act and are issued as Restricted Notes or Notes represented by a Restricted Global Certificate.

Beneficial interests in Global Certificates held by Euroclear, Clearstream, Luxembourg and/or DTC will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and/or DTC and their participants.

See 'Clearing and Settlement'. The provisions governing the exchange of interests in a Global Note for another Global Note and Definitive Notes and the exchange of interests in each Global Certificate for individual Certificates are described in 'Summary of Provisions Relating to the Notes while in Global Form'. Interests in Global Certificates may be exchanged for individual Certificates in certain circumstances. See 'Summary of Provisions relating to the Notes while in Global Form' and 'Clearing and Settlement'.

Form of COINs:

COINs will be issued only in bearer form. COINs will be issued in the form of temporary global COINs exchangeable for permanent global COINs. Dual Currency COINs, Index Linked COINs, COINs repayable in instalments and partly-paid COINs will not be issued. COINs bear interest only on a fixed, floating or zero-coupon basis. Subordinated COINs will not be issued.

Clearing Systems:

For Issuers other than Rabobank Ireland, Clearstream, Luxembourg, Euroclear, DTC, Clearstream Banking AG and Euroclear France and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Fiscal Agent and the relevant Dealer. For Rabobank Ireland plc: Clearstream, Luxembourg, Euroclear and such other clearing system as may be agreed in writing between Rabobank Ireland, the Fiscal Agent and the relevant Dealer and which is recognised for this purpose by the Revenue Commissioners of Ireland.

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes to be listed on the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with Clearstream Banking AG, Euroclear France or any other clearing system or may be delivered outside any clearing system provided that, save in the case of delivery to Clearstream Banking AG or Euroclear France, the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuers, the Guarantor and the relevant Dealers, except that, as at the date hereof, only Rabobank Nederland may issue Notes denominated in Sterling.

Maturities:

Subject to compliance with all relevant laws, regulations and directives, any maturity between seven days and perpetuity. Unless otherwise permitted by then current laws, regulations and directives, Notes issued by Rabobank Ireland plc will have a maturity of five years or less.

Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement. Registered Notes will be in amounts of the denomination or integral multiples thereof specified in the relevant Pricing Supplement. In any event, Notes offered,

issued and/or sold in Ireland will be offered, issued and/or sold in individual denominations of a minimum of Euro 40,000 or its foreign currency equivalent, and Notes issued by Rabobank Ireland plc will be offered, issued and/or sold in minimum denominations of (i) EUR 500,000 or its foreign currency equivalent (ii) in the case of Notes which either (a) are listed on a stock exchange and constitute 'debts on a security' for purposes of Irish taxation or (b) are held at all times, beneficially by a person falling within paragraphs (i) to (vi) of (a) in the definition of relevant deposit in Section 256 of the Irish Taxes Consolidation Act 1997 such other currency and amount as may be agreed in writing between Rabobank Ireland and the relevant Dealer, or (iii) in the case of Notes with a maturity of two years or less, Euro 500,000 in the case of an instrument denominated in Euro, US\$500,000 in the case of an instrument denominated in US Dollars or, in the case of an instrument denominated in a currency other than Euro or US Dollars, the equivalent in that other currency of Euro 500,000. Additionally unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Service and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent). Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Restricted Global Certificate and sold pursuant to Rule 144A under the Securities Act, in amounts of U.S.\$100,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described in 'Summary of Provisions Relating to the Notes while in Global Form' and 'Clearing and Settlement'.

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin, or (iii) using any other method of determination as may be provided in the Pricing Supplement. Interest periods will be specified in the relevant Pricing Supplement.

**Original Issue Discount Notes
(including Zero Coupon Notes):**

Original Issue Discount Notes may be issued at their nominal amount or at a discount and may or may not bear interest.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Pricing Supplement.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption:	The Pricing Supplement will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement.
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes and the Guarantee:	Unless otherwise agreed upon by the relevant Issuer and the relevant Dealer or Dealers in respect of any issue as set forth in the relevant Pricing Supplement, the Notes and the Guarantee in respect of them in relation to Notes issued by Rabo Australia Limited and Rabobank Ireland plc will constitute unsubordinated and unsecured obligations of the relevant Issuer and the Guarantor, respectively, all as described in 'Terms and Conditions of the Notes — Guarantee and Status'.
Subordination:	If the relevant Issuer and the relevant Dealer or Dealers agree and so specify in the relevant Pricing Supplement, and subject to compliance with all relevant laws, regulations and directives, the Notes and the Guarantee in respect of them may constitute subordinated and unsecured obligations of the relevant Issuer and the Guarantor, respectively.
Cross Default:	See 'Terms and Conditions of the Notes — Events of Default'.
Rating:	Senior Notes issued under the Programme have been rated Aaa by Moody's and AA+ by Fitch Ratings Ltd. Senior Long Term Notes issued under the Programme have been rated AAA by Standard & Poor's. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating applicable to Senior Notes issued under the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption:	Except as provided in 'Optional Redemption' above, Notes will be redeemable at the option of the Issuers prior to maturity only for tax reasons. See 'Terms and Conditions of the Notes — Redemption, Purchase and Options'.

Taxation:	Rabobank Nederland is a Dutch resident for tax purposes. For the Dutch tax consequences of the Noteholders see 'Taxation'.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Netherlands, Australia, Ireland or Singapore, as the case may be, subject to the exceptions and limitations as described in 'Terms and Conditions of the Notes — Taxation'.
Special Considerations:	The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. A description of some risks is contained under the heading 'Special Considerations'.
Governing Law:	Netherlands law.
Listing:	The Luxembourg Stock Exchange, Euronext Amsterdam N.V., or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.
Subscription period:	If applicable, see the relevant Pricing Supplement.
Effective yield:	If applicable, see the relevant Pricing Supplement.
Selling Restrictions:	<p>United States, United Kingdom, the Netherlands, Australia, Ireland, the Republic of France, Germany, Japan, Singapore and, with respect to COINs, Austria, Belgium, Denmark, Finland, Luxembourg, the Republic of Italy and Sweden. See 'Plan of Distribution'.</p> <p>For the purposes of Regulation S under the Securities Act, Category 2 selling restrictions shall apply.</p> <p>In the case of Bearer Notes offered to non-U.S. persons and certain eligible U.S. persons, such Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the 'D Rules') unless (i) the relevant Pricing Supplement states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the 'C Rules') or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute 'registration required obligations' under the United States Tax Equity and Fiscal Responsibility Act of 1982 ('TEFRA'), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable. In the case of a distribution under Rule 144A of the Securities Act, Notes will be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).</p>
Transfer Restrictions:	There are restrictions on the transfer of Registered Notes offered and sold pursuant to Rule 144A under the Securities Act. See 'Transfer Restrictions' and 'Plan of Distribution'.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. These terms and conditions as completed, amended, supplemented or varied by the Pricing Supplement (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. These are also the terms and conditions applicable to CF-Form Notes. They will not be endorsed on the CF-Form Notes, but together with the relevant Pricing Supplement, will constitute the terms and conditions and will be available from the offices of the relevant Issuer. References in the Conditions of CF-Form Notes to defined terms or provisions that are shown 'hereon' shall be to the terms that appear on the relevant Pricing Supplement. References in the Conditions to 'Notes' are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the date of issue of the Notes (the 'Issue Date'), the 'Agency Agreement') dated October 7, 2003 as supplemented and amended by a First Supplemental Agency Agreement dated October 15, 2004, between Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch ('Rabobank Australia Branch'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch ('Rabobank Singapore Branch'), Rabo Australia Limited ('Rabo Australia'), Rabobank Ireland plc ('Rabobank Ireland'), (each as an Issuer and also, in the case of Rabobank Nederland, as Guarantor), Deutsche Bank AG London as fiscal agent and the other agents named in it and with the benefit of a Covenant (as amended or supplemented as at the Issue Date, the 'Covenant') dated October 15, 2004 executed by the Issuers, the Guarantor and the fiscal agent in relation to the Notes. The fiscal agent, the paying agents, the registrar, the exchange agent, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the 'Fiscal Agent', the 'Paying Agents' (which expression shall include the Fiscal Agent), the 'Registrar', the 'Exchange Agent', the 'Transfer Agents' and the 'Calculation Agent(s)'. The Noteholders (as defined below), the holders of the interest coupons (the 'Coupons') relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the 'Talons') (the 'Couponholders') and the holders of the receipts for the payment of instalments of principal (the 'Receipts') relating to Notes in bearer form of which the principal is payable in instalments (the 'Receipholders') are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Definitions

(a) In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

'Accrual Period' means the actual number of days in the relevant period from and including the Start Date to but excluding the Payment Date.

'Actual Calculation Period' means the actual number of days from and including one Interest Payment Date to but excluding the next Interest Payment Date.

'Amortisation Yield' shall have the meaning contained in Condition 7(b)(i).

'Amortised Face Amount' shall have the meaning contained in Condition 7(b)(i).

'Bearer Notes' shall have the meaning contained in Condition 2.

'Business Day' means:

- (i) in the case of a currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency (which in the case of Australian Dollars shall be Melbourne and in the case of New Zealand Dollars shall be Wellington) and/or

- (ii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centre(s) and/or
- (iii) in the case of Euro, a day on which the TARGET system is operating (a 'TARGET Business Day').

'Certificates' shall have the meaning contained in Condition 2.

'CF-Form Notes' shall have the meaning contained in Condition 2.

'control' shall have the meaning contained in Condition 12(c)(v).

'Day Count Fraction' means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the 'Calculation Period'):

- (i) if 'Actual/365' or 'Actual/Actual-ISDA' is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if 'Actual/365 (Fixed)' is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if 'Actual/360' is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if '30/360', '360/360' or 'Bond Basis' is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if '30E/360' or 'Eurobond Basis' is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if 'Actual/Actual-ISMA' is specified hereon,
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

'Determination Period' means the period from and including a Interest Determination Date in any year to but excluding the next Interest Determination Date.

'Documents' shall have the meaning contained in Condition 12(c)(i)(a).

'DTC' shall mean the Depository Trust Company.

'Effective Date' means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

'Euro-zone' means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

'Event of Default' shall have the meaning contained in Condition 11.

'Exchangeable Bearer Notes' shall have the meaning contained in Condition 2.

'Exercise Notice' shall have the meaning contained in Condition 7(e).

'Guarantee' shall have the meaning contained in Condition 4(a).

'Holder' shall have the meaning contained in Condition 2.

'Interest' shall have the meaning contained in Condition 9.

'Interest Accrual Period' means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

'Interest Amount' means the amount of interest payable and, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

'Interest Commencement Date' means the Issue Date or such other date as may be specified hereon.

'Interest Determination Date' means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro.

'Interest Period' means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

'Interest Period Date' means each Interest Payment Date unless otherwise specified hereon.

'ISDA Definitions' means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

'Noteholder' shall have the meaning contained in Condition 2.

'Number of Actual Calculation Periods' means the number of Actual Calculation Periods normally ending in any year.

'Page' means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Markets 3000 ('Reuters') and the Bridge/Telerate ('Telerate')) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

'Payment Date' means the date on which interest for the relevant period falls due.

'Principal' shall have the meaning contained in Condition 9.

'Principal Financial Centre' shall have the meaning contained in Condition 6(b)(iii).

'Rate of Interest' means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

'Record Date' shall have the meaning contained in Condition 8(b)(ii).

'Reference Banks' means the institutions specified as such hereon or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

'Register' shall have the meaning contained in Condition 2.

'Registered Notes' shall have the meaning contained in Condition 2.

'Relevant Date' shall have the meaning contained in Condition 9.

'Relevant Financial Centre' means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

'Relevant Rate' means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

'Relevant Time' means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Specified Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre or, if no such customary time exists, 11.00 hours in the Relevant Financial Centre and for the purpose of this definition 'local time' means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Central European Time.

'Representative Amount' means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

'Restricted Global Certificate' shall mean a permanent registered global certificate which will initially represent Registered Notes issued by Rabobank Nederland which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the United States Securities Act of 1933 (the 'Securities Act').

'Specified Currency' means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

'Specified Duration' means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(b)(ii).

'Start Date' means the date from which interest for the relevant period begins to accrue.

'Substituted Debtor' shall have the meaning contained in Condition 12(c)(i).

'Substitution Guarantee' shall have the meaning contained in Condition 12(c)(i).

'TARGET Business Day' means a day on which the TARGET System is operating.

'TARGET System' means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

'Unit' shall have the meaning contained in Condition 6(g)(iii).

(b) References to capitalised terms not defined in Condition 1(a) are to those terms as defined in the first paragraph of the preamble to these Conditions.

2. Form, Denomination and Title

The Notes are issued in bearer form ('Bearer Notes', which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ('Registered Notes') or in bearer form exchangeable for Registered Notes ('Exchangeable Bearer Notes') in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Bearer Notes to be listed on Euronext Amsterdam N.V. may be issued in CF-form ('CF-Form Notes'). CF-Form Notes will be numbered in accordance with the rules of Euronext Amsterdam N.V.

Registered Notes are represented by registered certificates ('Certificates') and, save as provided in Condition 3(c), each Certificate shall represent the entire holding of Registered Notes by the same holder. Notes issued by Rabobank Nederland and sold in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by a Restricted Global Certificate in registered form.

Title to the Bearer Notes and the Receipts, Coupons and Talons appertaining thereto shall pass by delivery and title to the Registered Notes shall pass by registration in the register which the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the 'Register'), unless applicable law provides otherwise or provides for additional formalities for transfer of title. In so far as applicable law requires notification to the debtor for a valid transfer of title to the Registered Notes, the registration of the transfer by the Registrar shall constitute evidence of this notification. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, 'Noteholder' means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), 'holder' (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

3. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 3(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or such other form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer and the Fiscal Agent), duly completed and executed, together with any other evidence as the Registrar or Transfer Agent may reasonably require. In so far as applicable law requires notification to the debtor for a valid transfer of title to the Registered Notes, the registration of the transfer by the Registrar shall constitute evidence of this notification. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an Issuer's or Noteholder's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 3(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(d), 'business day' means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the relevant Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the relevant Issuer at its option pursuant to Condition 7(d) or (iii) after any such Note has been called for redemption. An

Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

4. Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Rabo Australia and Rabobank Ireland under the Notes, Receipts and Coupons. Its obligations in that respect are contained in a guarantee dated October 15, 2004 (as amended or supplemented as at the Issue Date, the 'Guarantee').

(b) Status of Notes and Guarantee

Unless otherwise agreed upon by the relevant Issuer and the Relevant Dealer or Dealers in respect of any issue as set forth in the relevant Pricing Supplement, the Notes and the Receipts and Coupons relating to them constitute unsubordinated and (subject to Condition 5) unsecured obligations of the relevant Issuer and such Notes or, as the case may be, Receipts and Coupons of that Issuer shall at all times rank *pari passu* and without any preference among themselves (save for certain mandatory exceptions provided by law). The payment obligations of the relevant Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 5, at all times rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the relevant Issuer and the Guarantor, respectively, present and future.

*If the relevant Issuer and the relevant Dealer agree and so specify in the relevant Pricing Supplement, and subject to compliance with all relevant laws, regulations and directives, the Notes and the Receipts and Coupons relating thereto may constitute subordinated and unsecured obligations of the relevant Issuer and such Notes or, as the case may be, Receipts and Coupons of that Issuer shall at all times rank *pari passu* and without any preference among themselves (save for certain mandatory provisions preferred by law). The payment obligations of the relevant Issuer under any such subordinated Notes and the Receipts and Coupons relating thereto and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law, at all times rank equally with all other subordinated indebtedness of the relevant Issuer and the Guarantor, respectively, present and future.*

5. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Agency Agreement), each Issuer and the Guarantor undertakes not to secure any other indebtedness which is both (a) represented by bonds, notes or other securities which have an initial life exceeding two years and which are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market and (b) not Domestic Indebtedness.

In this Condition, 'Domestic Indebtedness' means any indebtedness of each Issuer or the Guarantor which is denominated or payable (at the option of any party) in Euro unless 50 per cent. or more thereof in aggregate principal amount is initially offered or sold outside The Netherlands.

6. Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 6 to the Relevant Date.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest on Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to ISDA Determination, Screen Rate Determination or any other method of determination which may be provided in the Pricing Supplement shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), 'ISDA Rate' for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), 'Floating Rate', 'Calculation Agent', 'Floating Rate Option', 'Designated Maturity', 'Reset Date' and 'Swap Transaction' have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (x) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,
in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
 - (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;
 - (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the 'Principal Financial Centre') are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (i) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (ii) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);
- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)).

(d) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) Partly Paid Notes

In the case of the Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 9).

(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes 'unit' means the lowest amount of such currency that is available as legal tender in the country of such currency.

(h) Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the

Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the relevant Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Calculation Agent and Reference Banks*

The relevant Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the relevant Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the relevant Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption*

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 7 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(d) or 7(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(d) or 7(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 7(b) above) (together with interest accrued to the date fixed for redemption), if (i) the relevant Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Netherlands, in respect of any Issuer and the Guarantor, Australia in respect of Rabo Australia and Rabobank Australia Branch, Ireland in respect of Rabobank Ireland and Singapore in respect of Rabobank Singapore Branch or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the relevant Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier

than 90 days prior to the earliest date on which the relevant Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the relevant Issuer (or the Guarantor, as the case may be) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If Call Option is specified hereon, the relevant Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer's option (as may be described hereon) in relation to all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In reply to the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the relevant Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If Put Option is specified hereon, the relevant Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the relevant Issuer (or such other notice period as may be specified hereon), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ('Exercise Notice') in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

(f) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) Purchases

The relevant Issuer, the Guarantor and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) Cancellation

All Notes purchased by or on behalf of the relevant Issuer (other than Bearer Notes purchased in the ordinary course of business of dealing in securities or in the name of another party) will be cancelled forthwith together with all Notes redeemed by the relevant Issuer (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith), and may not be reissued or resold and the obligations of the relevant Issuer and the Guarantor in respect of any such Notes shall be discharged. All Notes purchased by or on behalf of the Guarantor or any of its affiliates (other than the relevant Issuer) may be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith), and may not be reissued or resold and the obligations of the relevant Issuer and the Guarantor in respect of any such Notes shall be discharged. Notes that have been cancelled shall, together with all unmatured Receipts and Coupons and all unexchanged Talons be surrendered to the Fiscal Agent, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar.

8. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States and Australia by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. 'Bank' means a bank in the principal financial centre for such currency, or in the case of Euro, in a city in which banks have access to the TARGET system and (ii) in the case of Japanese yen, the transfer shall be to a non-resident Japanese yen account with a bank in Japan (in the case of payment to a non-resident of Japan).

Payments of principal and interest in the case of CF-Form Notes shall be made in accordance with the agreement concluded between the relevant Issuer and the 'Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie B.V.' in Amsterdam (the 'Centrum'), under which the relevant Issuer will have accepted the rules and regulations of the Centrum.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 8(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 8(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in case of Registered Notes to be cleared through DTC, on the fifteenth DTC business day before the due date for payment thereof (the 'Record Date'). For the purpose of this Condition 8(b), 'DTC business day' means any day on which DTC is open for business. Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank mailed to the holder (or to the first named of joint holders) of such Note at its

address appearing in the Register, provided that no such cheque will be mailed to an address in Australia. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

- (iii) *Payments through DTC:* Registered Notes, if specified in the relevant Pricing Supplement, will be issued in the form of one or more Global Certificates and may be registered in the name of, or in the name of a nominee for, DTC. Payments of principal and interest in respect of Registered Notes denominated in U.S. Dollars will be made in accordance with Conditions 8(b)(i) and 8(b)(ii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a Nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments or principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will cause the Exchange Agent to deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the relevant Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the relevant Issuer, any adverse tax consequence to such Issuer.

(d) *Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents, the Exchange Agent and the Calculation Agent(s) act solely as agents of the Issuers and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuers and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Exchange Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuers shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar

in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes in Luxembourg, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Luxembourg Stock Exchange, (vi) an Exchange Agent, (vii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Council Union Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the relevant Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, 'business day' means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as 'Financial Centres' hereon and:

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency (which in the case of Australian Dollars shall be Melbourne and in the case of New Zealand Dollars shall be Wellington); or
- (ii) (in the case of a payment in Euro) which is a TARGET Business Day.

9. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands in the case of Rabobank Nederland, Rabobank Australia Branch, Rabobank Singapore Branch and the Guarantor, Australia in the case of Rabo Australia and Rabobank Australia Branch, Ireland in the case of Rabobank Ireland, Singapore in the case of Rabobank Singapore Branch, or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts (the 'Additional Amounts') as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) in the country of incorporation of the Issuer;
- (ii) by or on behalf of a holder thereof who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of such holder having some connection with the Netherlands, Australia, Ireland or Singapore, as the case may be, other than by reason only of the holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof;
- (iii) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or Certificate representing it), Receipt or Coupon is presented for payment;
- (iv) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusion of the ECOFIN Council meetings of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) (except in the case of Registered Notes) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union;

- (vi) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the expiry of such period of 30 days;
- (vii) if the relevant Issuer and the relevant Dealer or Dealers in respect of any issue as set forth in the relevant Pricing Supplement provide hereon that the Notes are Domestic Notes for the purpose of this Condition;
- (viii) in relation to Notes issued by Rabo Australia and Rabobank Australia Branch, if such Additional Amounts are payable by reason of the Noteholder being an associate of the Issuer for the purposes of Section 128F(6) of the Income Tax Assessment Act 1936 of Australia; or
- (ix) in relation to Notes issued by Rabobank Ireland, to a person other than a non-Irish person. 'Non-Irish person' means any person, including any body corporate, not resident or ordinarily resident in Ireland and any person not under the control of Irish residents.

As used in these Conditions, 'Relevant Date' in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) 'principal' shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) 'interest' shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) 'principal' and/or 'interest' shall be deemed to include any Additional Amounts that may be payable under this Condition.

10. Prescription

Claims against the Issuers and the Guarantor for payment of principal or interest in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years from the date on which such payment first becomes due.

11. Events of Default

If any of the following events ('Events of Default') occurs, the holder of any Note may by written notice to the relevant Issuer at its specified office declare such Note to be forthwith due and payable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the relevant Issuer:

- (i) default by the relevant Issuer is made for more than 30 days in the payment of interest or principal in respect of any of the Notes and, where the relevant Issuer is Rabo Australia or Rabobank Ireland, such default has not been remedied by the Guarantor making such payment; or
- (ii) the relevant Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes or the Guarantee and such failure continues for the period of 60 days next following the service on the relevant Issuer or the Guarantor of notice requiring the same to be remedied; or
- (iii) the relevant Issuer or the Guarantor fails in the due repayment of borrowed money which exceeds Euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the relevant Issuer or the Guarantor, or the relevant Issuer or the Guarantor fails to honour any guarantee or indemnity in excess of Euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the relevant Issuer or the Guarantor, provided that in each case no Event of Default shall be deemed to have occurred if the relevant Issuer or the Guarantor shall contest its liability in good faith or shall have been ordered not to make such payment by a competent court; or

- (iv) the relevant Issuer or the Guarantor becomes bankrupt, an administrator is appointed, or an order is made or an effective resolution is passed for the winding-up, liquidation or administration of the relevant Issuer or the Guarantor (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Noteholders) or, in the case of Rabobank Nederland, Rabobank Australia Branch and Rabobank Singapore Branch, an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Article 71 of the 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*), as modified or re-enacted from time to time, of the Netherlands in respect of Rabobank Nederland, Rabobank Australia Branch or Rabobank Singapore Branch or the relevant Issuer or the Guarantor compromises with its creditors generally or such measures are officially decreed; or
- (v) the relevant Issuer or the Guarantor shall cease to carry on the whole or a substantial part of its business (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of the Noteholders); or
- (vi) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

12. Meeting of Noteholders, Modifications and Substitutions

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by the relevant Issuer, the Guarantor (where relevant) or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of any of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment of such meeting or the majority required to pass the Extraordinary Resolution, (viii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (ix) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. (or as otherwise agreed in the relevant Pricing Supplement), or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification and Amendment of Agency Agreement

The relevant Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

The Agency Agreement may be amended by the Issuers, the Guarantor and the Fiscal Agent, without the consent of the Registrar, or any Paying Agent, Transfer Agent, Exchange Agent, Calculation Agent or holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor and the Fiscal Agent may mutually deem necessary or desirable and which does not adversely affect the interests of the holders.

(c) Substitution of the Issuers

- (i) Any of the Issuers or any previous substitute of such Issuers under this Condition may, and the Noteholders and the Couponholders hereby irrevocably agree in advance that any of the Issuers or any previous substitute of such Issuers under this Condition may at any time, substitute any company (incorporated in any country in the world) controlling, controlled by or under common control with Rabobank Nederland as the principal debtor in respect of the Notes or undertake its obligations in respect of the Notes through any of its branches (any such company or branch, the 'Substituted Debtor'), provided that:
- (a) such documents shall be executed by the Substituted Debtor and (if the Substituted Debtor is not the relevant Issuer) the relevant Issuer or any previous substitute as aforesaid as may be necessary to give full effect to the substitution (together the 'Documents') and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes and the Agency Agreement as the principal debtor in respect of the Notes in place of the relevant Issuer or any previous substitute as aforesaid;
 - (b) without prejudice to the generality of sub-paragraph (a) hereof, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands (where the relevant Issuer is Rabobank Nederland, Rabobank Australia Branch or Rabobank Singapore Branch), Australia (where the relevant Issuer is Rabo Australia or Rabobank Australia Branch), Ireland (where the relevant Issuer is Rabobank Ireland), Singapore (where the relevant issuer is Rabobank Singapore Branch), or is undertaking its obligations with respect to the Notes through a branch in another such territory, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 above with the substitution for the references to the Netherlands, Australia, Ireland or Singapore as appropriate (or any previously substituted territory as the case may be) territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes or, where such Issuer is undertaking its obligations with respect to the Notes through a branch, with the addition of references to the territory in which such branch is located;
 - (c) the Documents shall contain a warranty and representation (1) that the Substituted Debtor and the relevant Issuer (or any previous substitute as aforesaid) have obtained all necessary governmental and regulatory approvals and consents for such substitution and (if the Substituted Debtor is not Rabobank Nederland) for the giving by Rabobank Nederland of the Substitution Guarantee (as defined below) in respect of the obligations of the Substituted Debtor, that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (2) that the obligations assumed by the Substituted Debtor and (if the Substituted Debtor is not Rabobank Nederland) the Substitution Guarantee (as defined below) given by Rabobank Nederland are each valid and binding in accordance with their respective terms and enforceable by each Noteholder and that, in the case of the relevant Issuer undertaking its obligations with respect to the Notes through a branch, the Notes remain the valid and binding obligations of such Issuer;

- (d) Condition 11 shall be deemed to be amended so that it shall also be an Event of Default under the said Condition if the Substitution Guarantee (as defined below) shall cease to be valid or binding on or enforceable against Rabobank Nederland; and
- (e) in the case of Notes listed on the Luxembourg Stock Exchange, a Supplemental Offering Circular shall be produced and filed with the Luxembourg Stock Exchange;

and (if the Substituted Debtor is not Rabobank Nederland) upon the Documents becoming valid and binding obligations of the Substituted Debtor, Rabobank Nederland hereby irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of Rabobank Nederland herein referred to as the 'Substitution Guarantee' and being substantially in the form of the Guarantee contained in Schedule 9 of the Agency Agreement, which shall apply *mutatis mutandis* to issues of Notes by the Substituted Debtor).

- (ii) Upon the Documents becoming valid and binding obligations of the Substituted Debtor and (if the Substituted Debtor is not the relevant Issuer) the relevant Issuer and subject to notice having been given in accordance with paragraph (iv) below, the Substituted Debtor shall be deemed to be named in the Notes and Coupons as the principal debtor in place of the relevant Issuer as issuer (or of any previous substitute under these provisions) and the Notes and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents together with the notice referred to in paragraph (iv) below shall, in the case of the substitution of any other company as principal debtor, operate to release the relevant Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes and Coupons.
- (iii) The Documents referred to in paragraph (i) above shall be deposited with and held by the Fiscal Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the relevant Issuer) the relevant Issuer by any Noteholder and Couponholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the relevant Issuer) the relevant Issuer acknowledge the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes and Coupons or the Documents.
- (iv) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 15.
- (v) For the purposes of this Condition 12, the term 'control' means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first-mentioned company, and for this purpose 'voting shares' means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and 'controlling', 'controlled' and 'under common control' shall be construed accordingly.

13. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly

lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the relevant Issuer on demand the amount payable by such Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons), and otherwise as such Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes which have the same terms and conditions as the Notes (except for the Issue Price, the Issue Date and the first Interest Payment Date) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to 'Notes' shall be construed accordingly.

15. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and for so long as the Registered Notes are listed on the Luxembourg Stock Exchange or the Official Segment of the Stock Market of Euronext Amsterdam N.V., respectively, such notices shall in addition be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or the Euronext Official Daily List and a daily newspaper with general circulation in the Netherlands, respectively. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Luxembourg Stock Exchange, and the rules of that exchange so require, or the Official Segment of the Stock Market of Euronext Amsterdam N.V., respectively, in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or the Euronext Official Daily List and a daily newspaper with general circulation in the Netherlands, respectively. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

16. Governing Law and Jurisdiction

(a) Governing Law

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

(b) Jurisdiction

The competent courts of Amsterdam, the Netherlands (and, in the case of Rabobank Nederland, the United States Federal and New York State courts sitting in New York City, the Borough of Manhattan) are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons and, accordingly, any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ('Proceedings') may be brought in such courts. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

(c) Service of Process

Each of Rabo Australia and Rabobank Ireland irrevocably appoints Rabobank Nederland of Croeselaan 18, 3521 CB Utrecht, the Netherlands as its agent in the Netherlands to receive, for it and on its behalf, service of process in any Proceedings in the Netherlands,

and Rabobank Nederland irrevocably appoints its New York branch at 245 Park Avenue, New York, New York 10167 as its agent in New York to receive, for it and on its behalf, service of process in any Proceedings in New York. For the avoidance of doubt, service of process upon Rabobank Nederland at Croeselaan 18, 3521 CB Utrecht, The Netherlands will also constitute service of process upon Rabobank Australia Branch and Rabobank Singapore Branch. Such service shall be deemed completed on delivery to the relevant process agent (whether or not it is forwarded to and received by Rabobank Nederland, Rabo Australia or Rabobank Ireland as the case may be). If for any reason either process agent ceases to be able to act as such or no longer has an address in Utrecht or New York City, each of Rabobank Nederland, Rabo Australia and Rabobank Ireland, as appropriate, irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 15. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Each Tranche of Notes in bearer form will be initially represented by a temporary Global Note, in bearer form without coupons, which will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg with a common depository (the 'Common Depository') for Euroclear and Clearstream, Luxembourg, or (b) in the case of a Tranche intended to be cleared through an alternative clearing system, as otherwise agreed between the relevant Issuer and the relevant Dealer, on or about the issue date of the relevant Notes. No interest will be payable in respect of a temporary Global Note except as provided below. Each Tranche of Notes in registered form will be represented by Certificates and may be represented by a Global Certificate.

Upon deposit of the temporary Global Note(s) with the Common Depository or registration of Registered Notes in the name of any nominee for Euroclear and/or Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid and, in the case of Notes held through Euroclear France, the 'intermédiaires habilités' (each an 'Approved Intermediary') who are entitled, directly or indirectly, to hold such Notes according to the records of Euroclear France) will likewise credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. Upon the initial deposit of a Global Certificate in respect of and registration of Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Any payment due in respect of a Global Note or a Global Certificate will be made to each of Euroclear, Clearstream, Luxembourg, DTC or an Approved Intermediary in respect of the portion of the Global Note or a Global Certificate held for its account. An accountholder with Euroclear, Clearstream, Luxembourg or Approved Intermediary with an interest in a temporary Global Note will be required, in order to have credited to its account any portion of any payment, to present a certificate in the form set out in the Agency Agreement substantially to the effect that the beneficial owner of the relevant interest in the Global Note is not within the United States or a U.S. person as such terms are defined by the U.S. Internal Revenue Code and the regulations thereunder.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or Approved Intermediary, or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or such Approved Intermediary or clearing system (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC, Euroclear France or such clearing system (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes*. Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:
 - 1.1 if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see 'Summary of the Programme — Selling Restrictions'), in whole, but not in part, for the Definitive Notes defined and described below and
 - 1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes.* Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under 'Partial Exchange of Permanent Global Notes', in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:
 - 2.1 unless principal in respect of any Notes is not paid when due, by the relevant Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange
 - 2.2 if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange
 - 2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and
 - 2.4 otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an 'Alternative Clearing System') and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.
3. *Unrestricted Global Certificates.* If the Pricing Supplement states that the Unrestricted Notes are to be represented by an Unrestricted Global Certificate on issue, transfers of the holding of such Notes represented by any Unrestricted Global Certificate pursuant to Condition 3(b) may only be made in part:
 - 3.1 if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
 - 3.2 if principal in respect of any Note is not paid when due; or
 - 3.3 with the consent of the Issuer,provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.
4. *Restricted Global Certificates.* If the Pricing Supplement states that the Restricted Notes issued by Rabobank Nederland are to be represented by a Restricted Global Certificate on issue, transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 3(b) may only be made in part:
 - 4.1 if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System (except for DTC) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
 - 4.2 if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a 'clearing agency' registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
 - 4.3 if principal in respect of any Note is not paid when due; or
 - 4.4 with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 4.1 or 4.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out under 'Transfer Restrictions'.

5. *Partial Exchange of Permanent Global Notes.* For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.
6. *Delivery of Notes.* On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, 'Definitive Notes' means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.
7. *Exchange Date.* 'Exchange Date' means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.
8. *Legend.* Each Global Note and any Bearer Note, Talon, Coupon or Receipt issued in compliance with the D Rules under TEFRA will bear the following legend:

'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.'

The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Bearer Notes or any related Coupons.

In the case of Restricted Notes issued by Rabobank Nederland, each Restricted Global Certificate and each Certificate issued in exchange for a beneficial interest in a Restricted Global Certificate will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Rule 144A as described under 'Transfer Restrictions'.

Amendment to Conditions

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions as set forth in the Global Notes and, where indicated, the Global Certificates:

1. *Payments.* No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Conditions 8(e)(viii) and 9(v) will apply to Definitive Notes only.
2. *Prescription.* Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of five years from the date on which such payment first becomes due.
3. *Meetings.* The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)
4. *Cancellation.* Cancellation of any Note represented by a permanent Global Note that is required to be cancelled will be effected by reduction in the nominal amount of the relevant permanent Global Note.
5. *Purchase.* Notes represented by a permanent Global Note may only be purchased by the relevant Issuer, the Guarantor or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
6. *Issuer's Option.* Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system or Approved Intermediary in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, Clearstream Banking AG, Euroclear France or any other clearing system (as the case may be).
7. *Noteholders' Options.* Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.
8. *Events of Default.* Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 11 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the relevant Issuer and the Guarantor under the terms of a Covenant executed by the Issuers, the Guarantor and the Fiscal Agent on October 15, 2004 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such

Registered Notes represented by such Global Certificate, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

9. *Notices.* So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the relevant Issuer may forfeit such Notes (subject to the provisions of the applicable Pricing Supplement and relevant provisions of law) and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from the issues of the Notes will be used by each Issuer in connection with its banking business.

CLEARING AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The relevant Issuer may make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depository for Clearstream, Luxembourg and/or Euroclear or an alternative clearing system as agreed between the relevant Issuer and Dealer. Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or, if appropriate, the alternative clearing system. Each Global Note deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Registered Notes

The relevant Issuer may make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate or (in the case of Restricted Notes issued by Rabobank Nederland) a Restricted Global Certificate. Each Unrestricted Global Certificate or (in the case of Restricted Notes issued by Rabobank Nederland) Restricted Global Certificate deposited with a nominee for Clearstream, Luxembourg and/or Euroclear will have an ISIN and a Common Code.

Rabobank Nederland and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes issued by Rabobank Nederland represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under 'Transfer Restrictions'. In certain circumstances, as described below in 'Transfers of Registered Notes', transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates are deposited, and DTC will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Tranche may hold their beneficial interests in an Unrestricted Global Certificate only through Clearstream, Luxembourg or Euroclear. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such Restricted Global Certificate. Rabobank Nederland expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. Rabobank Nederland also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of Rabobank Nederland, any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or (in the case of Restricted Notes issued by Rabobank Nederland) a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Restricted Global Certificate, in amounts of U.S.\$100,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

Transfers of Registered Notes

Transfers of interests in Global Certificates within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Clearstream, Luxembourg or Euroclear. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in 'Plan of Distribution') relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent of details of that account at either Euroclear or Clearstream, Luxembourg or DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under 'Transfer Restrictions', cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and/or Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the Custodian and the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see 'Transfer Restrictions'.

DTC has advised Rabobank Nederland that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised Rabobank Nederland as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a 'banking organization' under the laws of the State of New York, a member of the U.S. Federal Reserve System, a 'clearing corporation' within the meaning of the New York Uniform Commercial Code and a 'clearing agency' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantors, any Paying Agent or any Transfer Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Certificates will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Individual Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in 'Summary of Provisions Relating to the Notes while in Global Form — Exchange — Restricted Global Certificates' or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in 'Summary of Provisions Relating to the Notes while in Global Form — Exchange — Unrestricted Global Certificates'. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly

agree otherwise. Accordingly, purchasers who wish to trade Registered Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

General

For a listing on the Official Segment of the Stock Market of Euronext Amsterdam N.V., Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. or its legal successor ('Euroclear Netherlands') will be involved in clearing and settlement.

DESCRIPTION OF BUSINESS OF THE RABOBANK GROUP

General

The Rabobank Group is one of the largest banking organizations in the Netherlands and the largest mortgage lending and savings organization in the Netherlands by market share. We are one of the 25 largest banking institutions in the world in terms of assets and Tier 1 capital. We offer a broad range of financial, insurance and asset management services across retail, corporate and commercial sectors, both domestically and internationally. The Rabobank Group has the highest credit ratings awarded by the international rating agencies Moody's (Aaa since 1986) and Standard & Poor's (AAA since 1985). On a consolidated basis, our total assets were € 440 billion at June 30, 2004. At June 30, 2004, we had 50,594 full-time equivalent employees.

The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative Local Rabobanks which are members of Rabobank Nederland and are also licensed credit institutions, and Rabobank Nederland's specialized subsidiaries. We had 321 Local Rabobanks and 1,322 branches located throughout the Netherlands at June 30, 2004. The Local Rabobanks are themselves cooperative entities that draw all of their members from their customers. See "The Rabobank Group Structure".

Rabobank Nederland, the Local Rabobanks and certain subsidiaries in the Rabobank Group are linked through a "Cross-Guarantee System". The Cross-Guarantee System provides for intra-Group credit support among Rabobank Nederland, all Local Rabobanks and certain of our subsidiaries that are the other participating institutions. Under the Cross-Guarantee System, the participants are liable for making funds available to cover the other participants' shortfall in funds needed to meet their Financial Obligations. See "The Rabobank Group Structure —The Cross-Guarantee System".

The various entities within the Rabobank Group comprise a network of "competence centers" which provide financial services and products to the Local Rabobanks and to each other. This networked expertise allows us to respond actively to the growing demand from business clients and private individuals for a balanced package of financial services and products. We therefore seek to combine the best of two worlds: the local presence of the Local Rabobanks and the expertise and scale of a large organization. The underlying purpose of Rabobank Nederland's cooperative structure is to provide high quality services and products to its customers at reasonable prices, while maintaining the financial stability of the Rabobank Group.

Historically, we engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, we have also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing program, we have increased both the number and type of products and services available to our customers in order to diversify from a traditional savings and mortgage-based business to be a provider of a full range of financial products and services, both in the Netherlands and internationally. To this end we pursue an "Allfinanz" concept, meaning that we provide an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance, leasing and real estate to a wide range of both individual and corporate customers. As part of this Allfinanz strategy, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

Through Rabobank Nederland, the Local Rabobanks and our specialized subsidiaries, the Rabobank Group provides services in the following six core business areas: Retail Banking, Wholesale Banking, Asset Management, Insurance, Leasing and Real Estate. The diagram below sets forth the organizational structure of Rabobank Nederland, the Local Rabobanks and the specialized subsidiaries that engage in our core business areas.

The Structure of the Rabobank Group



Retail Banking

We provide a variety of lending and savings services in the Netherlands through our network of Local Rabobanks and their domestic offices and agencies. From January 1, 2004 through June 30, 2004, we had a market share of 26% of new home mortgages in the Dutch mortgage market (21% by Local Rabobanks and 5% by Obvion). At the end of 2003, we had an 85% market share of loans and advances made by banks to the Dutch primary agricultural sector (measured by sample tests). At the end of 2003, we also had a 39% market share of domestic loans to the trade, industry and services sector (i.e., small enterprises with less than 100 employees; measured by sample tests). At June 30, 2004 we had a 38% market share in the Dutch savings market. For the six months ended June 30, 2004, our Retail Banking operations accounted for 57%, or € 797 million, of our operating profit before taxation.¹

Wholesale Banking

Through RNCC and Rabobank International, which includes our subsidiary Rabo Securities, we provide a variety of wholesale banking services, including advising on mergers and acquisitions and stock transactions, lending and providing special financing arrangements to both domestic and international corporate clients. For the six months ended June 30, 2004, our Wholesale Banking operations accounted for 33%, or € 464 million, of our operating profit before taxation.

Asset Management

We provide asset management, investment and private banking services to private, institutional and corporate investors through a number of subsidiaries. Robeco is the competence center for asset management services within the Rabobank Group, offering financial products and services to our Asset Management and Investment operations. Schretlen operates our private banking activities in the Netherlands and internationally. Effectenbank Stroeve provides asset management and investment

¹As the Rabobank Group conducts more activities than the six core business areas, the gross operating profits of the six core business areas do not add up to 100% of consolidated operating profit before taxation.

advice to private individuals. In 2003, Rabobank Nederland acquired the internet-brokerage activities of Dexia Bank Nederland N.V., which are conducted under the trade name Alex. Alex provides investment services to its clients via the internet. For the six months ended June 30, 2004, our Asset Management and Investment operations accounted for 6%, or € 80 million, of our operating profit before taxation.

Insurance

Our insurance activities are undertaken primarily through Interpolis, the fifth largest insurance company in the Netherlands in 2003 in terms of premium turnover. Through its subsidiaries, Interpolis provides comprehensive life and non-life insurance services to our retail, agricultural and corporate customers. For the six months ended June 30, 2004, premiums from life and non-life insurance activities were € 1,311 million and € 832 million, respectively. Operating profit before taxation from our Insurance operations, at € 126 million, accounted for 9% of our operating profit before taxation for the six months ended June 30, 2004.

Leasing

Our leasing activities are undertaken primarily by De Lage Landen. De Lage Landen provides factoring and leasing services to corporate borrowers, mainly in the food and agribusiness, technology, healthcare and banking industries. At June 30, 2004, De Lage Landen had a loan portfolio of approximately € 12.6 billion. Operating profit from our Leasing operations, at € 100 million accounted for 7% of our operating profit before taxation for the six months ended June 30, 2004.

Real Estate

We provide a variety of real estate services to institutional and corporate clients through our Rabo Vastgoed entity and FGH Bank, which we acquired in October 2003. Rabo Vastgoed is our real estate project development and finance arm and FGH Bank specializes in commercial real estate financing. For the six months ended June 30, 2004, our Real Estate operations accounted for 3%, or € 37 million, of our operating profit before taxation.

Recent Developments

Trust Preferred Securities

On October 14, 2004, we signed a purchase agreement with certain underwriters for a USD 1.5 billion offering of trust preferred securities to institutional investors. In October 2004 we also launched an offering of pound sterling denominated trust preferred securities to institutional investors. In addition, we expect to issue Australian dollar denominated trust preferred securities to institutional investors. All offerings are expected to close in the second half of October or the beginning of November.

Bank Gospodarki Zynosciowej (BGZ)

On September 9, 2004, we conditionally agreed on the acquisition of a 35% interest in the Polish bank BGZ in part through a new share issuance by BGZ, and in part from selling shareholders. BGZ is the leading bank for the Polish agricultural and food economy sectors. The proposed acquisition is part of our strategy to expand our country banking in the United States, Canada, Ireland, Central and Eastern Europe and China.

Operation Service

In September 2004, we started implementation of "Operation Service," a reorganization program to transform Rabobank Nederland into a more efficient, customer and service-focused organization for the Local Rabobanks. The program is expected to generate cost savings of € 200 million per annum and reduce the number of employees on a gradual basis by nearly 1,200 full-time equivalent employees. It will be implemented over the next couple of years.

Farm Credit Services of America

On July 30, 2004, we announced that we had entered into an agreement to acquire FCSAmerica, based in Omaha, Nebraska. FCSAmerica has assets of approximately \$8 billion and 900 employees. It is the largest provider of credit and insurance products to farmers and ranchers, the agricultural processing industry and rural residents in Iowa, Nebraska, South Dakota and Wyoming. The acquisition will involve an investment of \$600 million by Rabobank Nederland. The acquisition is subject to the approval of the external supervisory bodies and a number of additional

conditions, one of which is that the Farm Credit Administration, which supervises the Farm Credit System on behalf of the U.S. government, and the stockholders of FCSAmerica approve the withdrawal of FCSAmerica from the Farm Credit System. The proposal has sparked public debate regarding the role of the Farm Credit System.

KBC Bank Joint Venture

On June 10, 2004, we announced our intention to set up a joint venture with KBC Bank to process securities transactions for both KBC and Rabobank Nederland. Based in Eindhoven, the Netherlands, the new company will start operations in 2005, processing securities transactions for Rabobank Nederland. When fully operational in 2006, it will also process KBC's securities transactions. It is expected that the new company will have approximately 160 employees by 2006.

Eureko Group

In February 2004, as part of our strategy to grow our market share in retail products in the insurance sector, we signed a letter of intent establishing a close cooperation with Eureko B.V. Headquartered in Amsterdam, Eureko is a financial services provider and has subsidiaries in 14 European countries and the United States of America. Achmea Holding N.V. is the largest subsidiary within the Eureko group. As part of our cooperation, Interpolis, our insurance subsidiary, will sell health insurance provided by Achmea's subsidiary, Zilveren Kruis Achmea, via Local Rabobanks and via its own distribution channels. On March 31, 2004, we also acquired a 5% stake in Eureko for a consideration of € 228 million. In addition, as from June 25, 2004, we effected an exchange of members at the Supervisory Boards of Rabobank Nederland and Eureko. A mutual representation at the shareholder level, i.e., between the Vereniging Achmea and the Central Delegates Assembly (*Centrale Kringvergadering*) of Rabobank Nederland, has also been introduced.

Telia Finans

On March 1, 2004, De Lage Landen, our leasing subsidiary, completed the acquisition of Telia Finans, the wholly owned subsidiary of the Swedish telecom company TeliaSonera. Telia Finans focuses on leasing IT and office equipment in the Scandinavian market and has a leasing portfolio of approximately € 498 million as of December 31, 2003.

FGH Bank

On January 30, 2004, FGH Bank strengthened its position in commercial real estate financing through the acquisition of De Lage Landen Vastgoedfinancieringen from De Lage Landen, our leasing subsidiary. De Lage Landen Vastgoedfinancieringen had a loan portfolio of € 1.1 billion as of December 31, 2003.

Certain information on important Group Companies

Robeco Groep N.V.

Robeco has its statutory seat in Rotterdam, the Netherlands. The objects of Robeco are the provision of investment management services, financial services and acting as a holding and financing company. Its issued and fully paid up share capital amounts to EUR 4,537,802 (4,537,802 shares with a nominal value EUR 1 each) as of December 31, 2003. Rabobank Nederland's share in its issued capital is 100 per cent. Robeco's net income in 2003 was EUR 104.5 million, corresponding to EUR 23.02 per share. In 2003 a dividend of EUR 50 million was announced. As at December 31, 2003, Rabobank Nederland's liabilities to Robeco amounted to EUR 470 million (bonds), EUR 732 million (current account), EUR 1,103 million (professional securities transactions) and EUR 20 million (loans/deposits). Rabobank Nederland's claims on Robeco as at December 31, 2003 amounted to EUR 255 million (loans) and EUR 343 million (current account).

Interpolis N.V.

Interpolis has its statutory seat in Tilburg, the Netherlands. The object of Interpolis is to be a holding company of insurance companies acting in the fields of pensions and industrial health and safety (health, safety and reintegration). Its issued share capital amounts to EUR 100,704,934. Rabobank Nederland's share in its issued capital is 91.85 per cent. Interpolis' net profit in 2003 was EUR 148.2 million. That is a net profit of EUR 1.47 per share. In 2003 Interpolis did not declare a dividend. As at December 31, 2003, Rabobank Nederland's liabilities to Interpolis amounted to EUR 259 million (loans/deposits) and EUR 219 million (current account). As at December 31, 2003, Rabobank Nederland's claims on Interpolis amounted to EUR 283 million (loans) and EUR 159 million

(current account). As at December 31, 2003 Rabobank Nederland's commitments in respect of Interpolis amounted to EUR nil (irrevocable credit facilities) and EUR 745 million (revocable credit facilities) and its contingent liabilities in respect of Interpolis amounted to EUR 310 million.

De Lage Landen International B.V.

De Lage Landen has its statutory seat in Eindhoven, the Netherlands. The object of De Lage Landen is the provision of factoring and vendor lease services. Its issued share capital amounts to EUR 132,716,527. Rabobank Nederland's share in its issued share capital is 100 per cent. De Lage Landen's net profit in 2003 was EUR 114.8 million corresponding to EUR 528,801.48 per share. In 2003, De Lage Landen did not declare a dividend. As at December 31, 2003, Rabobank Nederland's liabilities to De Lage Landen amounted to EUR 989 million. As at December 31, 2003 Rabobank Nederland's claims on De Lage Landen amounted to EUR 7,851 million (loans and current account). All liabilities of De Lage Landen are guaranteed (via the cross guarantee system) by Rabobank Nederland and the other participants of this system.

Outlook until March 2005

The Chairman of the Executive Board, Bert Heemskerk, stated on September 6, 2004: "The Dutch economy is slowly clambering up, with the first signs of a recovery becoming visible. However, this recovery is dependent on global conditions, such as movements in oil prices and the potential threat of terrorist attacks. Despite the circumstances, we remain optimistic about the rest of the year. Barring unforeseen circumstances, we expect the increase in net profit for 2004 to be in line with the growth of 12% for the first six months."

The results over 2005 will be calculated in accordance with the new IFRS accounting standards. As a result it is not possible to make a statement on the development of the results in 2005 compared to 2004.

Group Strategy

Our ambition is to achieve market leadership in financial services in the Netherlands, primarily through the Local Rabobanks, and to provide our clients, both private and business, with a comprehensive range of financial products and services. In addition, we aim to be the leading bank in the world to the food industry and agribusiness. We have taken significant steps to establish a leading role as a financial services provider through the provision of services through our wholesale business operations, RNCC, Rabobank International, Rabo Securities and our many specialized subsidiaries such as Robeco (asset management), Interpolis (insurance), De Lage Landen (leasing), FGH bank (real estate finance), Schretlen (private banking), Effectenbank Stroeve (securities brokerage) and Gilde (venture capital). Each of these subsidiaries not only provide financial advice and products to the Local Rabobanks and their clients, but also provide services to their own clients in the Netherlands and internationally. In order to establish ourselves as the market leader in financial services in our chosen markets, we have set the following four strategic priorities:

- Strengthening the Local Rabobanks;
- Strengthening our position as an "Allfinanz Group";
- Developing international opportunities for growth; and
- Strengthening synergies and cooperation within the Rabobank Group.

Strengthening the Local Rabobanks

"Vision Rabobank 2005+"

In June 2004, the Central Delegates Assembly agreed to strengthen and consolidate the Local Rabobanks in order to increase their efficiency and to improve clients' access to sophisticated financial services. The decision forms part of our "Vision Rabobank 2005+" project, launched in 2003, to restructure the Local Rabobanks. It is intended that the Local Rabobanks will focus on the sale of a broader range of services and products with the best possible price-to-quality ratio to an increasing number of clients.

As a result of consolidation of the Local Rabobanks, we expect that their number will decline in the next few years from 321 at the end of June 2004 to approximately 150. At the same time, we expect to create more agencies in order to maintain, or even increase, the number of points of distribution to our clients.

Restructuring Rabobank Nederland

Our reorganization program "Operation Service," which started in September 2004, is designed to transform Rabobank Nederland into a more efficient, customer and service-focused organization for the Local Rabobanks. After its restructuring, Rabobank Nederland will be better suited to support the greater size and increased sophistication of the Local Rabobanks.

Refocused Distribution Formats

We continue to focus on maintaining the current strong market position of the Local Rabobanks and ensuring growth in those areas where market leadership has yet to be achieved. As part of our strategy, we will continue to enhance sales efforts via direct channels, such as the telephone and the internet. We will also refocus and improve our distribution formats and service concepts for specific client groups. In order to strengthen the Local Rabobanks' position within the Netherlands, Local Rabobanks that meet certain qualifications set by Rabobank Nederland will also be granted broader capacities to deal with larger transactions independently.

Strengthening Our Position as an Allfinanz Group

We aim to strengthen our position as an Allfinanz group in the following ways:

- Strengthening the market leadership of the Rabobank brand in the distribution of an expanded range of financial services by the Local Rabobanks;
- Strengthening our market position in financial services distribution through our specialized subsidiaries; and
- Strengthening our position as a provider of financial services by supplying products to selected distributors outside the Rabobank Group.

Strengthening the Rabobank Brand

Currently, we are a leading player in many financial retail markets in the Netherlands, including the payments, savings, investment, mortgages and business financing markets. This is due to our strong position in the private segment, the small and medium-sized businesses segment and the agricultural sector in the Netherlands. Nevertheless, we seek further growth in a number of areas. We will give priority to strengthening our market position in the Netherlands in the corporate, insurance, asset management (private banking), employee benefits, pensions and healthcare, consumer credit and mortgage markets. In addition, we will seek to strengthen our and particularly the Local Rabobanks' position in the larger urban areas and among ethnic minorities.

Strengthening Market Position Through Our Specialized Subsidiaries

Our specialized subsidiaries act as competence centers which provide services to and work closely with the Local Rabobanks. Virtually all of our specialized subsidiaries also serve their own customers who do not bank at a Local Rabobank. All of our specialized subsidiaries are assessed according to their contribution to our market leadership ambition, using criteria such as customer value and their financial and strategic added value. Through these assessments, we look to find ways to improve the results of our specialized subsidiaries, both as competence centers and as direct service providers and thereby strengthen our market position and image both in the Netherlands and internationally.

Supplying Products to Distributors Outside the Rabobank Group

In order to support our market leadership ambition, in the future certain of our businesses may perform activities for third parties on a selective basis, for example if the existing distribution channels within the Rabobank Group should yield insufficient economies of scale. In this context, we are considering multi-distribution of our banking products. Local Rabobanks are and will continue to be our most important distribution channel by far. However, profitable client groups that are hard to reach via the Rabobank format could well be receptive to different service concepts. We view multi-distribution not only as a possible aid to achieving market leadership, but also as an effective response to changing market conditions as a result of the emergence of broker chains, niche players (such as internet bankers) and non-bank enterprises (such as supermarkets) that are selling financial services. Alex, our online brokerage business which we acquired in April 2003, is an illustration of our multi-distribution policy. Another example of our multi-distribution policy is Obvion, our joint venture with the ABP pension fund, which sells mortgages via independent intermediaries.

Developing International Opportunities for Growth

An important element in Rabobank International's strategy is country banking. This involves taking over smaller banks that operate in rural areas of developed markets and have a strong position in the agricultural sector. Following earlier acquisitions in Australia and New Zealand in the 1990s and the former state-owned Irish ACC Bank and VIB Corp in the United States in 2002, we are continuing to expand our country banking model on a global scale. In 2003, we strengthened our position as a leading lender to rural clients in Australia and New Zealand through the purchase of the rural lending portfolio of the New Zealand bank AMP Bank Limited. In order to sustain the platform for further growth in the Australian market, we decided to continue the activities of Primary Industry Bank of Australia under the Rabobank brand and its official name has become Rabobank Australia Limited.

Also in 2003, we acquired two banks in the United States: Lend Lease Agri-Business and Ag Services of America, Inc. Lend Lease Agri-Business now operates under the name Rabo Agrifinance and offers long-term financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. The listed financing company Ag Services of America, Inc. has been renamed Rabo Ag Services and specializes in harvest financing, mainly to American corn and soy growers. In addition, on July 30, 2004, we announced our proposed acquisition of FCSAmerica. The acquisition, which is subject to the approval of the external supervisory bodies and a number of additional conditions, would provide us with a leading position as an agricultural financial services provider in the U.S. Midwest, which is a key agricultural area.

On September 3, 2004, we announced our intention to acquire a 35% interest in the Polish bank BGZ, which is the leading bank for the Polish agricultural and food economy sectors. We aim to further expand our country banking model in the United States, Ireland, Central and Eastern Europe and China.

In addition, we have started direct-banking initiatives outside the Netherlands. These initiatives are increasing the value realization of our expertise in internet banking. It is in this context that we are offering internet banking services in Belgium via our internet bank Rabobank.be.

Strengthening Synergies and Cooperation within the Rabobank Group

Our strength is determined by the value of the mutual relationships within the Rabobank Group. Good synergy means cooperation that results in the creation of value. We have spent a great deal of effort on establishing and maintaining the cooperation between all the Rabobank Group entities in order to be able to offer the services and products the client needs at the optimum price-to-quality ratio. That cooperation is not only reflected in common product development but also in the integration of processes, sales-enhancing advice and fruitful dialogue within the Rabobank Group to arrive at major policy decisions and business processes. Our management structure forms a good basis for better cooperation between the Local Rabobanks and Rabobank Nederland, their umbrella cooperative, which is in the interest of the local clients. See "Management".

Business Activities of the Rabobank Group

Retail Banking

Our Retail Banking operations are primarily undertaken by the Local Rabobanks. Our Retail Banking operations include making loans, taking deposits and providing fund transfers and non-credit service operations, primarily in the Netherlands. Each of the Local Rabobanks provides credit and deposit services. In keeping with the Allfinanz concept, each of the Local Rabobanks also provides, either directly or through the Rabobank Group's specialized subsidiaries, insurance, investment and a wide variety of other services to customers in the Local Rabobank's specific geographical business area.

At June 30, 2004 we had a 38% market share in the Dutch savings market. For the six months ended June 30, 2004, our Retail Banking operations accounted for 53%, or € 2,617 million, of our total income and 57%, or € 797 million, of our operating profit before taxation. At June 30, 2004, our Retail Banking operations employed 29,285 full-time equivalent employees.

The Dutch mortgage loan market is a highly competitive market. Driven by the tax deductibility of mortgage loan interest payments, Dutch homeowners usually take out relatively high mortgage loans. This does not necessarily indicate a high risk for banks with mortgage lending operations. We have a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 50%. Historically, mortgage lending has been relatively low risk and all mortgage loans are collateralized. Mortgage loan defaults do not occur frequently, either in our mortgage lending operations or in the Netherlands

generally. Almost all mortgages in the Netherlands have a maturity of 30 years. Generally, mortgages have a 5 or 10-year fixed interest rate, after which period the rate is reset at the current market rate. Customers do not have the option to prepay on their mortgage loan without incurring a penalty fee, thus reducing the interest rate risks related to mortgage loan refinancing for the Rabobank Group.

Local Rabobanks

With 1,322 branches (the most branches of any financial institution in the Netherlands), 720 cash dispensing machines in public locations and 350 agencies as of June 30, 2004, the Local Rabobanks have 2,392 points of distribution. Through the Local Rabobanks and Obvion, we are the largest mortgage lending institution in the Netherlands, with a market share of 26%, by aggregate amount of loans outstanding, of all new Dutch residential mortgage loans at the end of June 2004. We are the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector. Lending to retail borrowers amounted to € 125.6 billion, or approximately 51% of our total lending (except government lending) at June 30, 2004. Loans made by the international banking business amounted to € 47 billion or 19% of our total lending to the private sector.

The following table sets forth savings and loans outstanding of the Group by sector at the dates indicated.

(in billions of euro)	June 30, 2004	December 31, 2003
Mortgage loans	123.3	116.1
Agricultural sector	36.4	36.6
Small and medium sized business sector	83.6	81.3
Savings	75.1	71.6

With 38% of the Dutch savings market as of June 30, 2004, we are also the largest savings institution in the Netherlands. Of the total savings in the Netherlands, 35% are held by the Local Rabobanks and 3% are held with Roparco, the savings arm of Robeco. We offer our clients a number of different savings options, including savings via the telephone and the internet. The www.rabobank.nl website is one of Europe's most frequented internet banking sites, and the largest internet bank in the Netherlands with 1.8 million unique visitors in June 2004. Via www.rabobank.be, we offer internet banking services to our customers in Belgium. It is the first direct-banking initiative of the Rabobank Group outside the Netherlands. Private customers are also able to use the services of IRIS, a securities research institute established jointly with Robeco, in order to help them manage their investment decisions.

Obvion N.V.

Obvion, our mortgage loan joint venture with the ABP pension fund, sells mortgage loans under its own brand via independent agents in the Netherlands. Through Obvion, we are targeting an increasing portion of the Dutch market share in order to strengthen our market leadership in mortgage loans. Obvion's market share in the Netherlands at June 30, 2004 stood at 5%.

Rabohypotheekbank N.V.

Rabohypotheekbank, headquartered in Amsterdam, the Netherlands, provides mortgage lending documentation services to all of our Local Rabobanks. Rabohypotheekbank also serves as a supplementary financing vehicle for the Local Rabobanks in the event that they choose not to make certain mortgage loans to their customers entirely on their own, either for liquidity or lending limit reasons or because of the nature of the required financing. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank Nederland and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At June 30, 2004, Rabohypotheekbank had assets of € 9.7 billion.

Wholesale Banking

Through RNCC, Rabobank International, Rabo Securities and Gilde we provide a variety of wholesale banking services, including lending and special financing arrangements to both domestic and international corporate clients and advising on mergers and acquisitions and capital markets transactions. For the six months ended June 30, 2004, our Wholesale Banking operations accounted for 22%, or € 1,058 million, of our total income and 33%, or € 464 million, of our operating profit

before taxation. At June 30, 2004, our Wholesale Banking operations employed 5,455 full-time equivalent employees.

Rabobank Nederland Corporate Clients

RNCC focuses on the provision of wholesale banking services to the Dutch corporate market. RNCC also operates in Belgium. RNCC offers a broad range of financial products and specialist services and works through sector and regional teams. In 2003, the integrated services to the food and agri-market in the Netherlands were added to RNCC's responsibilities. In cooperation with the Local Rabobanks, these sector and regional teams offer an Allfinanz package that is tailored to our clients' specific needs.

Rabobank International

Our business banking division, Rabobank International, operates on a global scale. The subsidiaries within our Rabobank International division have a comprehensive international network of offices, with 153 offices in 23 countries outside the Netherlands. Rabobank International provides sophisticated financial products aimed at professional counterparts in the international financial markets. This involves trading, arbitrage and structured finance activities that have been placed in the various divisions of Rabobank International. However, its activities are primarily focused on enterprises in the food and agribusiness sector. In financing foreign corporate clients in the food services and agribusiness industries, Rabobank International concentrates on providing financing to entities engaged in processing and trading agricultural commodities, rather than primary agricultural activities. Rabobank International also makes loans to international corporate and government borrowers. At June 30, 2004, Rabobank International loans accounted for 19% of total lending.

Following earlier acquisitions in Australia and New Zealand in the 1990s and the former state-owned Irish ACC Bank and VIB Corp in the United States in 2002, we are continuing to expand our country banking model on a global scale. In 2003, we strengthened our position as a leading lender to rural clients in Australia and New Zealand through the purchase of the rural lending portfolio of the New Zealand bank AMP Bank Limited. In order to sustain the platform for further growth in the Australian market, we decided to continue the activities of Primary Industry Bank of Australia under the Rabobank brand and its official name has become Rabobank Australia Limited.

Also in 2003, we acquired two banks in the United States: Lend Lease Agri-Business and Ag Services of America, Inc. Lend Lease Agri-Business now operates under the name Rabo Agrifinance and offers long-term financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. The listed financing company Ag Services of America, Inc. has been renamed Rabo Ag Services and is specialized in harvest financing, mainly to American corn and soy growers. In addition, on July 30, 2004, we announced our proposed acquisition of FCSAmerica. The acquisition, which is subject to the approval of the external supervisory bodies and a number of additional conditions, would provide us with a leading position as an agricultural financial services provider in the U.S. Midwest, which is a key agricultural area. At year-end 2003, Rabobank International held \$3.5 billion in loans to the agricultural sector in the United States. Rabobank International's aggregate activities in the United States, including food and agri-business, corporate finance and capital markets operations, accounted for approximately half of Rabobank International's total profit in 2003. On September 3, 2004, we announced our intention to acquire a 35% interest in the Polish bank BGZ, which is the leading bank for the Polish agricultural and food economy sectors.

Rabo Securities N.V.

Rabo Securities operates Rabobank International's wholesale equity securities activities, executing a variety of capital market transactions for clients of the Local Rabobanks and Rabobank International. Its operations include share issues, mergers and acquisitions, derivatives and equity research, sales and trading. Rabo Securities operates from Amsterdam and London and opened an office in New York in 2003. Rabo Securities supports our funding activities by participating in underwriting issues of equity securities, generally for resale, in both the domestic and international markets and for both institutional and private investors. Rabo Securities also writes equity derivatives for private investors. In 2003, Rabo Securities acquired a strategic interest of 51% in Rembrandt Corporate Finance B.V., which focuses on tailored advice and support to directors and controlling shareholders during business transfers and expansions. Rembrandt Corporate Finance is based in Amsterdam.

Gilde Investment Management B.V.

Gilde is engaged in venture capital financing and manages various specialized funds (including Gilde IT, Gilde Buy Out and Gilde Participations) in which certain non-Group entities participate, both

in the Netherlands and internationally. At June 30, 2004, Gilde had a total of € 592 million in investments outstanding compared to € 611 million at December 31, 2003.

Asset Management and Investment

We provide asset management and investment services to private, institutional and corporate investors primarily through the following subsidiaries: Robeco (asset management), Schretlen (private banking), Effectenbank Stroeve (asset management and investment services) and Alex (internet broker). For the six months ended June 30, 2004, our Asset Management and Investment operations accounted for 6%, or € 301 million, of our total income and 6%, or € 80 million, of our operating profit before taxation. At June 30, 2004, our Asset Management and Investment operations employed 1,811 full-time equivalent employees.

Robeco Group N.V.

Robeco is headquartered in Rotterdam, the Netherlands, and has offices in Belgium, France, Germany, Switzerland, Italy and the United States. Robeco is engaged in asset management for private, institutional and corporate investors. Robeco also acts as the competence center for asset management services within the Rabobank Group, offering financial products and services to our other asset management and investment operations. Robeco is the Dutch market leader in investment funds, with € 114 billion in assets under management at June 30, 2004. Assets managed for institutional investors amounted to € 61 billion. Assets managed for private clients amounted to € 53 billion. Rabobank Nederland owns a 100% equity interest in Robeco.

Schretlen & Co. N.V.

As the asset management specialist for the high net-worth clients of the Local Rabobanks, Schretlen undertakes our private banking activities both in the Netherlands and internationally. Schretlen's operations are headquartered in Amsterdam, the Netherlands. Schretlen's services are available to private individuals with a minimum of € 500,000 freely available for investment. In addition, Schretlen, in cooperation with the Local Rabobanks, offers a standardized form of asset management, Rabobank Managed Investment, for private individuals with a minimum of € 150,000 in assets managed. The Local Rabobanks, by using the standardized form of asset management, can offer their clients the choice of five standard investment portfolios, each managed by Schretlen and each with varying levels of risk. In addition, Schretlen focuses on small and medium-sized institutional investors. Schretlen had approximately € 5.3 billion in assets under management at June 30, 2004.

Bank Sarasin & Cie AG

In 2002, we acquired a 28% equity stake in Bank Sarasin & Cie AG ("Sarasin"), with the option to increase our stake to a majority stake at any time before June 30, 2009. Sarasin offers investment consultancy and portfolio management services to private persons in Switzerland. As part of the joint venture, we contributed our International Private Banking activities which had operations in various locations around the world. At June 30, 2004, Sarasin had approximately CHF 53.5 billion in assets under management.

Effectenbank Stroeve N.V.

Effectenbank Stroeve, headquartered in Amsterdam, the Netherlands, provides investment advice to investors with a minimum of € 150,000 freely available for investment. Asset management services are also provided to clients with a minimum of € 50,000 freely available for investment. Effectenbank Stroeve is the Dutch market leader in services to professional clients, such as independent asset managers and brokers. Effectenbank Stroeve had approximately € 2.7 billion in assets under management at June 30, 2004.

Alex

In 2003, we acquired Alex, an internet broker, which focuses on active clients who prefer to place their own orders at more competitive rates, and the order telephone line VEB Bottomline. Alex and VEB Bottomline have been combined into a separate business unit of Rabobank Nederland. Alex had € 2 billion in assets under management at June 30, 2004.

Insurance

Interpolis, with headquarters in Tilburg, the Netherlands, was the fifth largest insurance company in the Netherlands in 2003 in terms of premium turnover. Interpolis provides comprehensive life and non-life insurance services to our retail, agricultural and corporate customers. In addition to the Netherlands, Interpolis is also active in Luxembourg, Ireland, the United States and Portugal. We are

expanding Interpolis' services for brokers and, in the field of employment benefits, for small and medium-sized businesses. In order to strengthen Interpolis' market position, we are continuing to develop it as a full-service insurance company.

Interpolis is a market leader in the Netherlands in annuities, based on premium income. Income from annuities and single-premium policies totaled € 784 million at December 31, 2003.

As part of our cooperation with Eureko, announced in February 2004, Interpolis will sell health insurance provided by Achmea's subsidiary, Zilveren Kruis Achmea, via local Rabobank member banks and via its own distribution channels.

For the six months ended June 30, 2004, premiums from life and non-life insurance activities were € 1,311 million and € 832 million, respectively. Operating profit before taxation from our Insurance operations, at € 126 million, accounted for 9% of our operating profit before taxation for the six months ended June 30, 2004.

At June 30, 2004, our Insurance operations employed 5,200 full-time equivalent employees.

Leasing

Our leasing activities are undertaken primarily by De Lage Landen which provides factoring and leasing services to corporate borrowers, primarily in the food and agribusiness, technology, health care and banking industries in both the Netherlands and internationally. De Lage Landen is headquartered in Eindhoven, the Netherlands.

In the Netherlands, De Lage Landen focuses on leasing and trade finance products. Leasing products include equipment leases, ICT leases, vendor leases and car and commercial vehicle leases (Translease). De Lage Landen's strength in the Netherlands lies in its fast settlement of standard lease contracts and its specialist knowledge of various industry branches. De Lage Landen's product range is marketed in the Netherlands through the Local Rabobanks. De Lage Landen also directly markets its products. In early 2004, De Lage Landen sold De Lage Landen Vastgoedfinancieringen to FGH Bank.

Internationally, De Lage Landen specializes in asset financing and vendor finance services, offering lease facilities for sales support via the sales channels of manufacturers and distributors of capital goods. De Lage Landen operates in more than 20 countries in Europe and the Americas, and also in Australia and New Zealand. De Lage Landen concentrates on enterprises with activities in agricultural machinery, telecommunications, computers, photocopiers, (internal) means of transport and medical equipment. De Lage Landen has a leading position in the vendor finance market. As from 2004, the activities of the Dutch and European divisions have been combined in order to generate efficiency gains and to respond faster and more effectively to market changes.

At June 30, 2004, De Lage Landen had a loan portfolio of approximately € 12.6 billion. Of this amount, € 6.7 billion was attributable to the Vendor Finance Europe division and € 5.9 billion was attributable to the Vendor Finance America division, including Australia and New Zealand. Operating profit before taxation from our Leasing operations, at € 100 million accounted for 7% of our operating profit before taxation for the six months ended June 30, 2004.

At June 30, 2004, our Leasing operations employed 2,639 full-time equivalent employees.

Real Estate

We provide a variety of real estate services to institutional and corporate clients through our Rabo Vastgoed entity and FGH Bank, which we acquired in October 2003. Rabo Vastgoed is our real estate project development and finance arm. Project development is carried out in close cooperation with the Local Rabobanks. In 2003, Rabo Vastgoed acquired a 59.65% majority interest in Livingstone Building Industry B.V. and certain development activities and land positions of Gerritsen Project-Realisatie B.V.. At June 30, 2004, its order portfolio amounted to € 4.4 billion. In early 2004, FGH Bank acquired De Lage Landen Vastgoed Financieringen, which had a € 1.1 billion lending portfolio at the end of 2003, from De Lage Landen, our leasing subsidiary.

FGH Bank is a Dutch bank specializing in commercial real estate financing and conducting its activities under its own trademark within the Rabobank Group. Approximately 75% of its portfolio relates to investment financing. In addition, FGH Bank is active in project and land financing, trade financing, 'sell off' financing (i.e., selling rented houses to sitting tenants), operating leases, mortgage financing and interest rate derivatives. At June 30, 2004, FGH Bank had a financing portfolio of approximately € 5.6 billion in the Netherlands.

Operating profit before taxation from our Real Estate operations, at € 37 million accounted for 3% of our operating profit before taxation for the six months ended June 30, 2004.

At June 30, 2004, our Real Estate operations employed 274 full-time equivalent employees.

Competition

We compete in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, ING and Fortis. As a result of the overall improving liquidity of Dutch corporations, increased emphasis by banks on the credit quality of borrowers and the deregulation of capital markets, competition among banks in the Netherlands has increased significantly during the past several years. In addition, life insurance companies and pension funds in the Netherlands have become major competitors in the markets for residential mortgage loans and private savings.

In the Dutch market, we are the market leader for many financial services: newly granted mortgage loans (26% as of June 30, 2004), private savings (38% as of June 30, 2004), small and medium-sized enterprises (39% as of December 31, 2003, based on sample tests) and the agricultural sector (85% as of December 31, 2003, based on sample tests). We also considerably strengthened our share of the larger corporate market. We also face strong competition in the international banking market.

Employees

We believe that achieving our clients' goals through financial services goes hand-in-hand with the personal development of our employees. Accordingly, in our view, good working conditions, terms of employment and ongoing development of our managers and employees are preconditions for achieving our strategy. Management believes its employee relations are good. In April 2004, we reached agreement with the unions on a new Collective Labour Agreement ("CLA"). The new CLA is in effect until May 1, 2005 and provided for a non-recurrent result-based bonus of 1% per annum paid in September 2004. The new CLA also provides for a new performance-based evaluation system, effective January 1, 2005, which will determine variable compensation for the first time in 2006.

In 2003, the number of employees at the combined Local Rabobanks declined by 1,921. Efficiency programs and the advance of virtual channels for distribution of our products and services resulted in further job losses at the Local Rabobanks in 2004. As part of our reorganization program "Operation Service," the number of employees of Rabobank Nederland is expected to gradually decline by nearly 1,200 full-time equivalent employees over the next couple of years. At June 30, 2004 the Rabobank Group had 56,732 employees (being 50,594 full-time equivalent employees), a decrease of 323 compared to December 31, 2003.

Properties

Rabobank Nederland and the Local Rabobanks typically own the land and buildings used in the normal course of their business activities in the Netherlands. Outside the Netherlands, the Rabobank Group entities also typically own the land and buildings used in the normal course of their business activities. At June 30, 2004, the Local Rabobanks owned 1,322 branch offices within the Netherlands. In addition, our investment portfolio includes investments in land and buildings. Management believes that the Rabobank Group's facilities are adequate for its present needs in all material respects.

Environmental Policies and Social Responsibility

We seek to conduct our business activities in a manner that is responsive to environmental and social concerns. As a result, in assessing credit applications we believe it is relevant to consider issues such as sustainability, socially responsible business practice and ethics. We believe that estimated environmental risks and social issues are important. We therefore consider not only current environmental laws and regulations, but also compliance with social standards, respect for the well-being of animals and the use of genetic modification as we carry out our business activities.

The Local Rabobanks, in keeping with their cooperative tradition and common values, also seek to find a proper balance between the various interests of people, the market and society. The Local Rabobanks attempt to reflect this balance in their lending policy, their engagement in local initiatives and the range of financial products offered to their clients. Sustainability also plays an important part in their advising on business plans and realignments. The choice in favor of environmentally-friendly

products and technology is often a source of innovation and helps to encourage suppliers of the Rabobank Group to operate in an environmentally-friendly way.

In 2003, we carried out an extensive stakeholder consultation among fifteen social organizations, including trade unions and environmental development aid and human rights lobby groups. They gave their opinions on the Annual Responsibility and Sustainability Report and our corporate social responsibility policy stated therein. This feedback has partly determined our corporate social responsibility priorities for 2004: innovation and volume growth of sustainable products and services and corporate social responsibility as a testing criterion for lending. We have continued the stakeholder dialogue in 2004. According to an appraisal in September 2003 from the Swiss-based environmental rating agency Sustainable Asset Management Group, the Rabobank Group ranked among the international banking leaders in the area of sustainability. The Rabobank Group achieved the highest score in the European banking sector and achieved second place worldwide. The Rabobank Group was awarded a score of 74%, a 10% improvement on the first appraisal that was conducted in 2001. The previous appraisal also placed the Rabobank Group among the European and worldwide leaders.

Legal Proceedings

We are involved in litigation and arbitration proceedings in the Netherlands and in foreign jurisdictions, including the United States, involving claims by and against us which arise in the ordinary course of our businesses, including in connection with our activities as an insurer, lender, employer, investor and taxpayer. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened proceedings and litigation, management believes that the ultimate outcome of the various proceedings and litigation already commenced, and/or any future proceedings and litigation, will not have a material adverse effect on our financial condition, given our size, robust balance sheet, stable income stream and prudent provisioning policy.

Enron Settlement

In February 2004, Rabobank Nederland and The Royal Bank of Canada reached a settlement regarding its litigation before a New York State Court and the High Court in London in a complex off-balance sheet financial transaction involving Enron Corp. and certain related entities. The amount to be paid by Rabobank Nederland under the terms of the settlement was sufficiently covered by provisions that we had previously taken.

Stutts, et al. v. The De Dietrich Group, et al.

In 2003, the Rabobank Group was named as a defendant in *Stutts, et al. v. The De Dietrich Group, et al.* filed in the U.S. District Court for the Eastern District of New York. In the suit, certain U.S. veterans of the first Gulf War allege that they have sustained injuries as a result of the Rabobank Group (among other banks) having served as a correspondent bank with respect to letters of credit obtained by the Iraqi government in order to purchase materials that may have been used in the manufacture of chemical weapons. No response has yet been filed, but the Rabobank Group intends to defend the suit vigorously.

Insurance

The companies within the Rabobank Group carry insurance of a type customary for the industries in which they operate. Management believes that the insurance carried by these companies is maintained at a level which is adequate.

THE RABOBANK GROUP STRUCTURE

Rabobank Nederland, having its statutory seat in Amsterdam, is a cooperative entity formed primarily as a result of the merger of the two largest banking cooperative entities in the Netherlands in December 1972. A cooperative under Dutch law is a form of association with the statutory objective to provide for certain material needs of its members. Rabobank Nederland is registered with the Trade Register of the Chamber of Commerce in Amsterdam, the Netherlands under number 30046259.

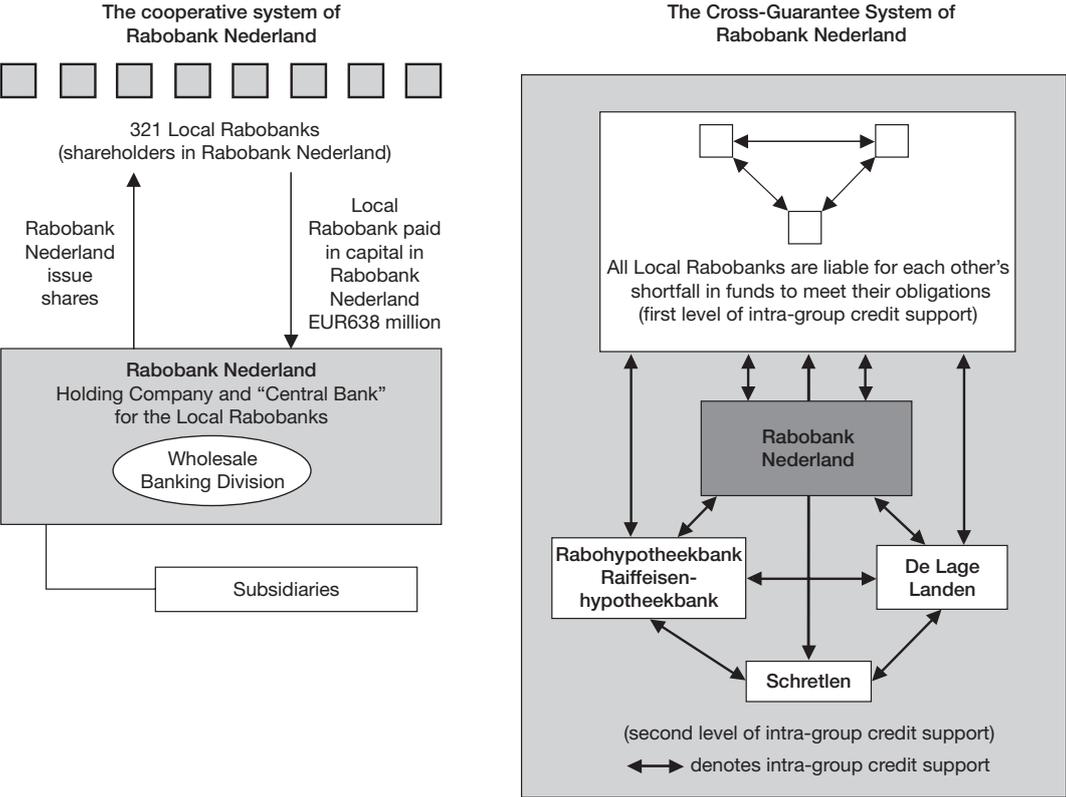
Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. Upon obtaining membership, Rabobank Nederland issues a number of shares (par value € 455 each), the number of which is dependent upon the Local Rabobank's balance sheet total. Since 1995, no new shares have been issued. The shares are fully paid up on issuance and are not permitted to be pledged, given in usufruct, or otherwise encumbered, alienated or transferred. The articles of association provide that shares may be issued only pursuant to a resolution of the General Meeting proposed by Rabobank Nederland's Executive Board and approved by its Supervisory Board. In certain circumstances, Rabobank Nederland may repurchase its shares from the Local Rabobanks. Pursuant to the articles of association, each Local Rabobank is obliged, by virtue of its membership, to participate in any future issue of shares in the same proportion as the proportion which existed in the year preceding the year of issue, between its balance sheet total and the sum of the balance sheet totals of all Local Rabobanks. At June 30, 2004, 1.4 million shares (for an aggregate amount of € 638 million) had been issued to the Local Rabobanks.

As members of the Rabobank Group cooperative, the Local Rabobanks have certain ownership rights with respect to Rabobank Nederland. However, their position with respect to ownership cannot be compared to the position of shareholders in a corporation. Pursuant to Rabobank Nederland's articles of association, if, in the event of Rabobank Nederland's liquidation, whether by court order or otherwise, its assets should prove to be insufficient to meet its liabilities, the Local Rabobanks, as members of Rabobank Nederland at the time of the liquidation as well as those who ceased to be members in the year prior to the liquidation, shall be liable for the deficit in proportion to their respective last adopted balance sheet totals. If it should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining liable parties shall be liable in the same proportion for the amount not recovered. Under the articles of association of Rabobank Nederland, the total amount for which members or former members are liable shall never exceed 3% of its last adopted balance sheet total. However, this limitation of liability under the articles of association of Rabobank Nederland does not affect the liability of the Local Rabobanks under the Cross-Guarantee System and their liability under the compensation agreements, referenced below.

Rabobank Nederland's functions within the Rabobank Group can be broadly divided into three areas. First, it negotiates rights in the name of the Local Rabobanks and enters into commitments on their behalf, provided that such commitments have the same implications for all Local Rabobanks (for instance, the entering into collective labor agreements on behalf of the Local Rabobanks). Second, Rabobank Nederland is entrusted with the supervision of the Local Rabobanks pursuant to the provisions of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*). In this capacity, it acts as a "central bank" to the Local Rabobanks (see "— Rabobank Nederland's "Central Bank" Activities"). Finally, Rabobank Nederland operates its own banking business, both complementary to and independent of the business of the Local Rabobanks and is the holding company of the specialized subsidiaries.

The Local Rabobanks are organized as cooperative entities under Dutch law and draw all of their members from their customers. The number of Local Rabobanks has decreased from 328 at December 31, 2003 to 321 at June 30, 2004. At June 30, 2004, the Local Rabobanks had approximately 1.43 million members, an increase of approximately 65,000 members from the previous half year. Members of the Local Rabobanks do not make capital contributions to the Local Rabobanks and are not entitled to the equity of the Local Rabobanks. Members are not liable for any obligations of the Local Rabobanks.

The Cross-Guarantee System



The following is a description of the two types of intra-group credit support within the Rabobank Group.

Cross-Guarantee System

In accordance with the 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*), an internal Cross-Guarantee System is in place whereby certain entities within the Rabobank Group are liable for making funds available to cover the other participants' shortfall in funds needed to meet their financial obligations. Participating entities within the Rabobank Group are Rabobank Nederland, the Local Rabobanks, certain entities within the De Lage Landen group of companies, Schretlen & Co N.V., Rabohypothekbank and Raiffeisenhypothekbank N.V. For regulatory and financial reporting purposes, Rabobank Nederland and the Local Rabobanks, as well as the participating subsidiaries are treated as a consolidated entity. In addition, Rabobank Nederland has assumed liability for the debts arising from legal transactions of a number of other Rabobank Group companies under Section 2:403 of the Dutch Civil Code.

Compensation Agreements

The Local Rabobanks are also parties to several compensation agreements whereby shortfalls of Local Rabobanks with respect to equity, profitability, loan loss reserves and due to financing losses are financed by charging all Local Rabobanks. In effect, the system interlinks the reserves of the Local Rabobanks. In connection therewith, the articles of association of each of the Local Rabobanks provide that any surplus balance on the profit and loss account shall be allocated to the general reserve, although each Local Rabobank can, up to a limit, choose to allocate a portion to causes of local or general interest. The articles of association of each Local Rabobank further provide that reserves shall on no account be distributed to the members of the Local Rabobank, including upon liquidation.

Under the intra-group credit support system, including the Cross-Guarantee System, Local Rabobanks effectively first cover each other's shortfalls, before Rabobank Nederland or any of the other entities become involved.

Rabobank Nederland's "Central Bank" Activities

Capital Adequacy and Liquidity

The Cross-Guarantee System operates in concert with the regulatory and administrative oversight of the Local Rabobanks by Rabobank Nederland. Notwithstanding the fact that Rabobank Nederland is supervised by the Dutch Central Bank on a consolidated basis, based on the law (section 12 of the 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*)) Rabobank Nederland has the responsibility for ensuring compliance by the Local Rabobanks with the Dutch Central Bank's capital adequacy and liquidity regulations. The Dutch Central Bank's capital adequacy regulations are intended to preserve a bank's ability to withstand loan losses and other business risks through reserves and retained earnings. The internal standards actually applied by Rabobank Nederland, however, are more conservative than the regulations promulgated by the Dutch Central Bank. This policy partly reflects the fact that cooperative banks, which cannot raise new capital by the issue of shares, can only grow and maintain an appropriate ratio of reserves to total liabilities by making profits. Any Local Rabobank whose ratio of reserves to total liabilities fails to meet internal solvency standards is subject to stricter supervision by Rabobank Nederland. In particular, Rabobank Nederland may restrict such Local Rabobank's authority to make lending decisions within the Rabobank Group lending limits.

The Local Rabobanks are permitted to have accounts only with Rabobank Nederland, which is the sole outlet for each Local Rabobank's excess liquidity and acts as treasurer to the Local Rabobanks. Each Local Rabobank is also required by Rabobank Nederland to keep a certain portion of its own deposits on current account with Rabobank Nederland.

Profitability and Support

In addition to its capital adequacy standards, Rabobank Nederland, when advising Local Rabobanks on interest rates and lending criteria, requires from each Local Rabobank a certain level of profitability. The activities of each Local Rabobank are subject to the supervision of the Rabobank Group Audit Department, which makes routine inspections. When a Local Rabobank fails to perform adequately, Rabobank Nederland has the power under the articles of association to replace its management.

Rabobank Nederland also advises and supports the Local Rabobanks on a day-to-day basis on all aspects of the Local Rabobanks' or their customers' businesses, including marketing, setting of interest rates (both on deposits and on loans), asset and liability management, security valuation and assessment, co-financing and large-scale financing, trade financing, foreign exchange, securities transactions, portfolio management, insurance and legal matters. In addition, Rabobank Nederland also provides a number of administrative services to the Local Rabobanks, including payment transfers (domestic and internationally), accounting, auditing and the management and coordination of personnel policy and administration.

Control Rabobank Group and Treasury Rabobank Group

Control Rabobank Group and Treasury Rabobank Group coordinate the asset and liability management for the Rabobank Group. Control Rabobank Group is responsible for monitoring capital adequacy and profitability and managing compliance with the financial standards set by the Dutch Central Bank and by internal interest rate risk parameters.

Treasury Rabobank Group manages the liquidity of the Rabobank Group by coordinating the investments in liquid assets or by obtaining short-, medium- and long-term funds from the domestic and international markets. Treasury Rabobank Group executes Rabobank Nederland's funding policy which aims to match maturities of loans and the funding for such loans through the issue of medium and long-term debt securities in the international capital markets. Short-term debt securities, such as international commercial paper and asset-backed commercial paper, are issued by Rabobank Nederland and traded by Rabobank International, which also participates in international foreign exchange and money market trading transactions. These activities are partly undertaken in implementation of Rabobank Nederland's liquid asset management function.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and the notes thereto of the Rabobank Group included in this Offering Circular. These financial statements are prepared in accordance with Dutch GAAP and in accordance with Dutch legal requirements for financial statements. No reconciliation of the financial statements of the Rabobank Group included in this Offering Circular to U.S. GAAP has been prepared. You should refer to "Summary of Principal Differences between Dutch GAAP and U.S. GAAP" for a description of the significant differences between Dutch GAAP and U.S. GAAP.

Business Overview

The Rabobank Group is one of the largest banking organizations in the Netherlands and the largest mortgage lending and savings organization in the Netherlands by market share. We are one of the 25 largest banking institutions in the world in terms of assets and Tier 1 capital. We offer a broad range of financial, insurance and asset management services across retail, corporate and commercial sectors, both domestically and internationally. The Rabobank Group has the highest credit ratings awarded by the international rating agencies Moody's (Aaa since 1986) and Standard & Poor's (AAA since 1984). On a consolidated basis, our total assets were € 440 billion at June 30, 2004. At June 30, 2004, we had 50,594 full-time equivalent employees.

The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative Local Rabobanks which are members of Rabobank Nederland and are also licensed credit institutions, and Rabobank Nederland's specialized subsidiaries. We had 321 Local Rabobanks and 1,322 branches located throughout the Netherlands at June 30, 2004. The Local Rabobanks are themselves cooperative entities that draw all of their members from their customers. See "The Rabobank Group Structure."

Rabobank Nederland, the Local Rabobanks and certain subsidiaries in the Rabobank Group are linked through a "Cross-Guarantee System". The Cross-Guarantee System provides for intra-group credit support among Rabobank Nederland, all Local Rabobanks and certain of our subsidiaries that are the other participating institutions. Under the Cross-Guarantee System, funds are made available by each participating institution if another participant suffers a shortfall in its funds. If a participating institution is liquidated and has insufficient assets to cover its liabilities, the other participating institutions are liable for its debts. See "The Rabobank Group Structure — The Cross-Guarantee System."

The various entities within the Rabobank Group comprise a network of "competence centers" which provide financial services and products to the Local Rabobanks and to each other. This networked expertise allows us to respond actively to the growing demand from private individuals and business clients for a balanced package of financial services and products. We therefore seek to combine the best of two worlds: the local presence of the Local Rabobanks and the expertise and scale of a large organization. The underlying purpose of Rabobank Nederland's cooperative structure is to provide high quality services and products to its customers at reasonable prices, while maintaining the financial stability of the Rabobank Group.

Historically, we engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, we have also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing program, we have increased both the number and type of products and services available to our customers in order to diversify from a traditional savings and mortgage-based business to be a provider of a full range of financial products and services, both in the Netherlands and internationally. To this end we pursue an "Allfinanz" concept, meaning that we provide an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance and leasing to a wide range of both individual and corporate customers. As part of this Allfinanz strategy, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

Through Rabobank Nederland, the Local Rabobanks and our specialized subsidiaries, the Rabobank Group provides services in the following six core business areas: Retail Banking, Wholesale Banking, Asset Management, Insurance, Leasing and Real Estate.

Factors Affecting Results of Operations

General Market Conditions

Our results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and increased competition. Since the second half of 2001, the growth in European banking markets has slowed, linked to the overall slowdown of the world's major economies. In 2003, the Dutch economy declined. However, the more difficult economic environment has not led to materially higher corporate or retail loan provisioning by the Rabobank Group. Our current expectations for 2004 are the Dutch economy will grow slightly.

In 2003, 76% of our total income and 66% of our consolidated results were derived from our Dutch operations. Accordingly, changes in the Dutch economy and levels of Dutch consumer spending and downturns in the Dutch real estate, securities and other markets may have a material effect on our operations. However, our high level of product diversification means that, historically, there have not been major fluctuations in our levels of profitability. Despite the declining economy in the Netherlands in 2003, our net result was higher than a year before. Outside of the Netherlands, the markets we focus on principally food and agribusiness are impacted by business cycles only in a limited way.

Although we expect that the foregoing factors will continue to affect our consolidated results of operations, we believe that the impact of any one of these factors is mitigated by our high level of product diversification. However, a protracted economic downturn in the Netherlands and our other major markets could have a material negative impact on our results of operations.

Interest Rates

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can materially affect our results. For example, the relatively low interest rate risk environment in the Netherlands and our other major markets has driven rapid growth in mortgage volumes, which is positive. However, a low interest rate environment also adversely affects our results, due to the structure of our balance sheet. We have a high level of non- and low-interest bearing liabilities (our reserves, balances on payment accounts and current accounts). Generally, a sustained period of lower interest rates will reduce the yields on the assets that are financed with these liabilities. Conversely, rising interest rates should, over time, increase investment income but may, at the same time, reduce the market value of pre-existing investment portfolios. Rising rates can also lead to higher or lower interest margins depending on whether our interest-earning assets reprice at a faster rate than interest-bearing liabilities or the degree to which the spreads on assets or liabilities narrow or widen.

As discussed under "Risk Management — Interest Rate Risk", we generally take a limited interest rate position that is managed within strict limits and designed to take advantage of expected changes in interest rates and the yield curve.

Stock Market Fluctuations

Stock markets around the world have experienced significant declines from the levels prevailing in the first half of 2000. These changing conditions have impacted our results. In 2002, this adversely impacted the performance of the equity securities associated with of our insurance activities. In 2003, the stock markets, after reaching a low point in the first quarter, were able to recover. This recovery had a positive influence on our results, especially within our insurance activities. A protracted or steep decline in the stock or bond markets could again adversely affect these activities and our investment portfolio.

Critical Accounting Policies

We have identified below the accounting policies that are most critical to our business operations and the understanding of our results. In each case, the application of these policies requires management to make complex judgments based on information and financial data that may change in future periods, the results of which can have a significant effect on our results of operations. As a result, determinations regarding these items necessarily involve the use of assumptions and judgments as to future events and are subject to change. Different assumptions or judgments could lead to materially different results. See the footnotes to our audited consolidated financial statements elsewhere in this Offering Circular for additional discussion of the application of our accounting policies.

Value adjustments to receivables

Management regularly assesses the adequacy of value adjustments to receivables, or provisions for loan losses, by performing ongoing evaluations of the loan portfolio. Value adjustments to receivables are made to account for estimated losses in outstanding loans for which there is doubt about the borrower's capacity to repay principal. Thus, adjustments may be made for both performing and non-performing loans. Value adjustments to receivables are established dynamically, which means that the new provisions are equalized to a long-term weighted average of the actual losses, as a percentage of the outstanding credit provided. The weighting is done so that the most recent years have the most weight attributed to them (for example, for the year ended December 31, 2003, the last three years would together account for 65%). If the amount of the provision for counterparty risks calculated according to the dynamic method is significantly higher or lower than when calculated on the basis of an individual assessment of the items, the difference, in addition to the dynamically determined new losses, flows through the profit and loss account.

Local Rabobanks exercise a considerable degree of responsibility in determining when to make a value adjustment to their receivables although Rabobank Nederland (through its Credit Risk Management division) co-ordinates the process. A formal analysis of specifically identified loans takes place every quarter, in the form of quarterly loan strategy reports, including evaluation of economic risks associated with each loan, the current financial condition of the borrower, the economic environment in which the borrower operates, the level of delinquent loans, the value of collateral and the strategy for the coming period to protect the interests of Rabobank Nederland. A specific provisioning committee decides twice a year on provision-taking for classified loans (i.e., loans classified as loss, doubtful or substandard) above a certain exposure (currently over € 20 million).

Credit ratings are assigned to borrowers by allocating all outstanding loans into various risk rating categories on a regular basis. These ratings are reviewed on a yearly basis.

In determining the amount of provisions, corporate loans are assessed on a case-by-case basis and the following factors are considered:

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of our commitments to the customer;
- the realizable value of any security for the loan; and
- the costs associated with obtaining repayment and realization of any such security.

Considerable judgment is exercised in determining the extent of the provision, which is based on management's evaluation of the risk in the portfolio, current economic conditions, loss experience in recent years and credit and geographical concentration trends. Changes in such judgments and analyses may lead to changes in provisions over time.

Receivables are written off and charged against the accumulated value adjustments to receivables when all the necessary legal procedures have been completed and the amount of the loss is finally determined.

Financial fixed assets

Interest-bearing securities (other than securities on which a large part or all of the interest is settled on redemption) held in our investment portfolio are carried at redemption value. The difference between redemption value and cost is accounted for under prepayments and accrued income or accruals and deferred income as appropriate and is reflected in interest income over the term of the securities concerned. Interest-bearing securities on which a large part or all of the interest is settled on redemption are carried at cost rather than redemption value. Results on sales of interest-bearing securities (other than sales made on account of structural changes in the investment portfolio) are reflected on the balance sheet in the reserves (taking into account deferred taxation) and recognized as interest income over the remaining term to maturity of those securities. Results on sales of interest-bearing securities made on account of structural changes in the investment portfolio are taken directly to interest income.

Shares and other variable-yield securities listed on a stock exchange are carried at year-end market value; those not listed are carried at estimated realizable value. Unrealized changes in the value of shares are reflected on the balance sheet in the revaluation reserve (taking into account deferred taxation) and realized differences in the value of shares are reflected in the profit and loss account under income from securities and participating interests.

Certain downward adjustments to interest-bearing securities and shares forming part of the investment portfolio which cannot be charged to the revaluation reserve, as well as any reversals, are reflected in the profit and loss account under value adjustments to financial fixed assets.

Trading activities

Our trading portfolio is carried at market value or the estimated realizable value at the balance sheet date. Value adjustments to financial fixed assets in our trading portfolio are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time. Certain financial instruments, including OTC derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlations, time value, credit, yield curve volatility factors and/or prepayment rates of the underlying positions.

Provisions for Pensions, Technical Reserves Relating to the Insurance Business and Other Provisions

The establishment of provisions is an inherently uncertain process, involving assumptions about factors such as court decisions, changes in laws, social, economic and demographic trends, inflation, investment returns and other factors, and, in the life insurance (pension) business, assumptions concerning mortality and morbidity trends. Changes in such assumptions or variations in the impact of such factors may materially affect our results.

Changes in Accounting Rules

Changes in Accounting Policies

Property Revaluation. In accordance with Dutch GAAP, as from the 2003 financial statements changes in the carrying values of property not in use by Rabobank Group are taken to the profit and loss account. In addition, a revaluation reserve is formed and charged to the other reserves. Up to and including the 2002 financial statements, changes in value were only taken to the profit and loss account in the case of downward value adjustments and if the revaluation reserve was insufficient to absorb the adjustment. This change in accounting policy has no effect on our equity. The effect on our results are considered negligible. The other prior-year figures in the consolidated financial statements of Rabobank Group have been reclassified where necessary for comparative purposes. These reclassifications have no effect on our results or equity.

Income from investments. Prior to the 2004 financial statements, Interpolis recognized its results on investments in shares and property using the indirect return method. An important characteristic of this method is that results recognized on investments are based on long-term average yields. As from 2004, Interpolis no longer uses this method. Instead, it takes the results realised on investments direct to the profit and loss account, the most widely used method throughout the world. This new method conforms to the International Financial Reporting Standards (IFRS). The change in accounting policy has no effect on equity. The effects are only visible in the form of reclassifications in the profit and loss account, with no consequences for the net profit for 2003. The figures for the first and second halves of 2003 have been restated for comparative purposes. The income from securities and participating interests was down € 119 million for the first half of 2003 and € 47 million for the second half. The carrying values of financial fixed assets were adjusted by the same amounts for the respective periods.

Trust Preferred Securities. Prior to the 2004 financial statements, Trust Preferred Securities were recognized as equity. In line with developments in IFRS and their interpretation, we have decided to recognize the Trust Preferred Securities amounting to € 2,037 million as group equity in the item Subordinated debt as from January 1, 2004. Accordingly, amounts owed on the Trust Preferred Securities will be taken to the profit and loss account (formerly profit appropriation) for 2004 and subsequent years. The figures for the first and second halves of 2003 have been restated for comparative purposes. Interest expenses have been increased by the following amounts: € 23 million for the first half of 2003, € 31 million for the second half of 2003 and € 61 million for the first half of 2004. Tax has been reduced by € 9 million, € 12 million and € 22 million respectively for the periods concerned. The change in accounting policy has no effect on the Tier I ratio or the BIS ratio.

International Accounting Standards

In accordance with European regulations, we will adopt IFRS for external reporting purposes from 2005 onwards. In the course of 2002 and 2003, we made the key changes required to accounting and reporting procedures and consolidation systems in order to adopt IFRS for dual reporting purposes from January 1, 2004. The key impacts on the Rabobank Group from the adoption of IFRS arise from the IAS 32 and 39 standards relating to financial instruments, which have not yet been endorsed by the European Union. As a result of including all derivative positions in the balance sheet, we expect total assets to increase by about 10%. Regarding the profit and loss account, we expect an increase in volatility of our results. However, through the active application of hedge accounting, we expect to be able to limit this volatility and the effect on our results.

Results of Operations

Six months ended June 30, 2004 compared to six months ended June 30, 2003

Income. Total income increased by 13% in the first half of 2004 to € 4,914 million compared to € 4,351 million in the same period of 2003.

Interest. Interest is calculated by deducting interest expense from gross interest income. Gross interest income includes all income from loans and advances, deposits and interest bearing securities, as well as related income such as credit facility fees. Interest expense includes all interest payable on deposits and other funds entrusted, subordinated and non-subordinated loans and debt securities, as well as charges similar in nature to interest. Interest increased by € 204 million, or 7% to € 3,133 million for the first six months of 2004 compared to € 2,929 million for the first six months of 2003. The increase was the result of growth in lending and savings and a slightly smaller interest margin due to increased competition in the Dutch market. Also, interest of € 2,929 million for the first six months of 2003 was adjusted downward by € 23 million to reflect the change in accounting policy with respect to the Trust Preferred Securities.

Income from securities and participating interest. This item includes dividends and other income from securities and participating interest, which may vary significantly from period to period. Income from securities and participating interests increased by € 120 million, or 110% to € 229 million for the first six months of 2004 compared to € 109 million for the same period of 2003. Income of € 109 million for the first six months of 2003 was adjusted downward by € 119 million to reflect the change in accounting policy with respect to the investment results of Interpolis. Excluding this effect of this change, the income for securities and participating interest in the first half year of 2004 was almost the same as in the same period in 2003.

Commission. Commission income increased by € 151 million or 17% to € 1,020 million for the first six months of 2004 compared to € 869 million for the same period of 2003. The increase was due to a higher level of commission income from insurance and securities and asset management.

Securities brokerage. After a few difficult years due to depressed stock markets, the fees in securities brokerage increased by 58% to € 174 million for the first six months of 2004 compared to € 110 million for the same period of 2003. The increase was due to the acquisition of Alex in April 2003 and an increase of 11% in the volume of orders. The average size of the orders was also higher than in prior periods.

Asset management fees. Asset management fees consist principally of management fees received from investment funds. Asset management fees increased by 14% to € 211 million for the first six months of 2004 compared to € 185 million for the same period in 2003. The growth was due to higher transaction volumes and a higher level of assets under management.

Result on financial transactions. This item includes both realized and unrealized gains and losses on securities in our trading portfolio, currency trading results and other income from financial transactions, excluding interest income. The result on financial transactions is mainly attributable to income from our Wholesale Banking business. The result on financial transactions rose by € 64 million to € 133 million for the first six months of 2004 compared to € 69 million for the same period in 2003. The increase was due to better results on derivatives transactions. Rabobank Nederland hedges the interest results of the capital from Membership Certificates with swaps. Hedge accounting of reserves is not allowed under IFRS and these swaps must be valued by market value. This resulted in a loss of € 107 million.

Other income. This income relates to income that cannot be classified elsewhere and does not represent extraordinary income, such as technical results on our insurance business, rent from leased products or results on project development. Other income consists mainly of the results of Interpolis.

Other income increased by € 24 million to € 399 million for the first six months of 2004 compared to € 375 million for the same period in 2003.

Expenses. Operating expenses rose by 12% in the first half of 2004 to € 3,260 million, an increase of € 340 million compared to € 2,920 million for the same period in 2003. Of this increase 2% was due to acquisitions, 6% was due to additional provisions and 4% was due to autonomous growth of our business.

Staff costs. This item consists of wages and salaries, pension charges, social security charges and related costs. Staff costs rose by 6% during the first half of 2004 to € 1,928 million compared to € 1,822 million for the same period in 2003. The decrease in the size of the workforce due to efficiency programs was more than offset by pay increases. Rabobank Group's workforce consisted of 50,594 full-time equivalent employees at June 30, 2004, i.e., a decrease of 644 full-time equivalent employees compared to June 30, 2003.

Other administrative expenses and depreciation. Other administrative expenses include provisions, office supplies, IT expenses, postage, advertising, rent and maintenance of buildings and related costs. Other administrative expenses increased by 25% to € 1,155 million for the first six months of 2004 compared to € 921 million for the same period in 2003. The increase was mainly due to additional provisions, including a € 120 million reorganization provision relating to the proposed restructuring of Rabobank Nederland. Depreciation relates to the depreciation of fixed assets. Depreciation remained unchanged at € 177 million for the first six months of 2004 compared to the same period in 2003.

Value adjustments to receivables. This item consists of provisions to the value of loans and advances and provisions for commitments, as well as any releases. Value adjustments to receivables of € 275 million remained unchanged for the first six months of 2004 compared to the same period in 2003. As a percentage of total loans and advances, value adjustments to receivables declined slightly from 0.25% at June 30, 2003 compared to 0.22% at June 30, 2004.

Value adjustments to financial fixed assets. This item includes provisions to the value of interest-bearing securities and shares forming part of the investment portfolio and participating interests, as well as any reversals thereof. Value adjustments to financial fixed assets decreased by € 38 million to € (12) million for the first six months of 2004 compared to € (50) million for the same period in 2003. The improvement primarily reflected the upward value adjustments to temporary investments in venture capital funds by Gilde. Value adjustments to financial fixed assets of € (50) million for the first six months of 2003 was adjusted upwards by € 119 million to reflect a change in accounting policy of the investment results of Interpolis.

Net profit. For the reasons stated above, after taxes of € 411 million (at an effective tax rate of 29.5%) and third-party interests of € 155 million, net profit was € 825 million for the first six months of 2004 compared to € 734 million for the same period in 2003. Net profit of € 734 million for the first six months of 2003 was adjusted downward by € 14 million to reflect the change in accounting policy with respect to the Trust Preferred Securities.

Year ended December 31, 2003 compared to year ended December 31, 2002

Income. Total income rose by 8% in 2003 to € 9,238 million compared to € 8,564 million in 2002. Given the sluggish economic conditions in the Netherlands in 2003, income growth was relatively sizeable. Interest accounted for 65% of total income in 2003 compared to 63% of total income in 2002.

Interest and interest margin. Interest increased by € 619 million, or 11%, in 2003, to € 6,010 million compared to € 5,391 million in 2002. The increase was due to growth in both lending and savings and a higher interest margin. In general, there were volume and price components to the increase in interest. The volume growth in lending, especially home mortgages, was relatively high in the Netherlands in 2003. Interest margin (i.e., interest income less interest expense) increased, especially in the retail segment, as a result of the level of competition and the balancing between setting prices at profitable levels and maintaining a high market share. Interest margin of the Rabobank Group as a percentage of average total assets, increased from 1.43% in 2002 to 1.49% in 2003, based on month-end balances.

Income from securities and participating interests. Income from securities and participating interests declined by 2% or € 10 million to € 519 million in 2003 compared to € 529 million in 2002.

Commission. Commission income increased by 3% or € 57 million to € 1,852 million in 2003 compared to € 1,795 million in 2002 primarily because of improved market conditions and an increase in fees from insurance, services and fund transfers and foreign exchange.

Securities brokerage. After reaching its lowest level in March 2003, the stock market in The Netherlands recovered and closed at year end at a higher level than in 2002. Income from securities brokerage rose by 11% to € 298 million in 2003 compared to € 269 million in 2002 primarily because of improved market conditions. Securities brokerage is largely attributable to the Local Rabobanks. Our acquisition of Alex was attributable for 91% of the increase. The total volume of orders processed for clients also showed an increase.

Asset management fees. Asset management fees mainly consist of management fees received from the investment funds. Asset management fees in 2003 were € 385 million compared to € 386 million in 2002.

Results on financial transactions. Results on financial transactions fell by 40% to € 170 million in 2003 compared to € 285 million in 2002, due to less favorable conditions in the capital markets in Europe. Results on financial transactions are primarily attributable to our Wholesale Banking business.

Other income. Other income increased by 22% to € 687 million in 2003 compared to € 564 million in 2002. This increase was principally due to the better results of Interpolis.

Expenses. Operating expenses increased by 7% to € 6,243 million compared to € 5,839 million in 2002. The increase was mainly due to an increase in other administrative expenses and, to a lesser extent, staff costs, which make up 60% of operating expenses.

Staff costs. Staff costs rose by 2% to € 3,770 million in 2003 compared to € 3,682 million in 2002, mainly due to salary increases. Costs for temporary and external staff decreased as part of an ongoing effort to improve efficiency. In 2003, the Rabobank Group's staff decreased by 1,018 full-time equivalent employees to 50,849 full-time equivalent employees. The number of jobs decreased especially at the Local Rabobanks, where the number of full-time equivalent employees fell by 1,921, as a result of announced efficiency programs. In other divisions of the Group, the number of full-time equivalent employees increased as a result of acquisitions and some replacement of external staff such as consultants.

Other administrative expenses and depreciation. Other administrative expenses increased by 17% to € 2,101 million compared to € 1,789 million in 2002. The lower level in 2002 was due in part to non-recurring items, such as the release of provisions of € 60 million. In 2003, the level of expenses increased as a result of € 87 million additional provisions, partly in connection with restructurings. In addition, acquisitions further increased the level of other administrative expenses. Depreciation of buildings and fixtures and fittings increased by € 4 million to € 372 million in 2003 compared to € 368 million in 2002.

Value adjustments to receivables. In 2003, value adjustments to receivables increased by 15% or € 75 million to € 575 million compared to € 500 million in 2002. This increase was mainly due to sluggish economic conditions in the Netherlands and an increase in lending. However, the increase in basis points was still relatively low because of the low risk profile of our lending portfolio.

Value adjustments to financial fixed assets. Value adjustments to financial fixed assets decreased by € 234 million from € 252 million in 2002 to € 18 million in 2003. This improvement was attributable to the effect of unrealized price gains on the Interpolis securities portfolio.

Net profit. After taxes of € 733 million and third-party interests of € 266 million, net profit increased by 12% from € 1,250 million in 2002 to € 1,403 million in 2003, for the reasons outlined above.

Year ended December 31, 2002 compared to year ended December 31, 2001

Income. Total income rose by 2% in 2002 to € 8,564 million compared to € 8,434 million in 2001. The moderate increase reflected the disappointing economic climate in 2002, especially the developments on the stock market. Interest accounted for 63% of total income in 2002 compared to 60% of total income in 2001.

Interest and interest margin. Interest increased by € 309 million, or 6%, in 2002, to € 5,391 million compared to € 5,082 million in 2001. The increase was due to growth in both lending and savings, principally in our Retail Banking operations. In general, there were volume and price components to the increase in interest. The volume growth in lending, especially home mortgages, was relatively high in the Netherlands in 2002 and 2001. With regard to margins, the main determinants, especially in the

retail segment, were the level of competition and as a consequence the balancing between tariffs that yield a profitable margin and maintaining high market shares. Interest margin for the Rabobank Group (interest income less interest expense) as a percentage of average total assets, based on month-end balances increased in 2002 to 1.43% from 1.38% in 2001. Over the course of 2002, there was a shift in the balance sheet from assets with lower margins towards assets with higher margins (from interest-bearing securities towards loans).

Income from securities and participating interests. Income from securities and participating interests increased by € 12 million to € 529 million in 2002 compared to € 517 million in 2001. Gains on the sale of participating interests showed a significant decline in 2002 as a result of the unfavorable stock exchange climate. This decline was more than offset by the sale to Sarasin of the International Private Banking business, which resulted in a gain of € 81 million, after deduction of divestiture costs.

Commission. Commission income increased by 2% or € 35 million to € 1,795 million in 2002 compared to € 1,760 million in 2001. Commissions from securities and asset management decreased due to the fall in stock prices, which was offset by higher commissions on services.

Securities brokerage. As a result of the depressed state of the stock markets, income from securities brokerage fell by 7% to € 269 million compared to € 291 million in 2001. Securities brokerage is largely attributable to the Local Rabobanks. The fall in stock prices led to a decline in investment by individual investors, which caused the number of orders for securities, options and branded investment funds to decline by 6%, to 2.9 million, from the poor year experienced in 2001. The increase in the use of the internet to place investment orders which generates lower fees also contributed to the decrease in income from securities brokerage.

Asset management fees. Asset management fees in 2002 were € 386 million compared to € 401 million in 2001, or down 4%. This decline was due to the decrease in the value of the assets under management, lower transaction volumes and the sale of our International Private Banking activities during 2002.

Results on financial transactions. Results on financial transactions fell by 32% in 2002 to € 285 million compared to € 422 million in 2001, due to less favorable conditions in the capital markets. Results on financial transactions are primarily attributable to the Wholesale Banking business.

Other income. Other income was € 564 million compared to € 653 million in 2001, a decrease of 14%. This was principally due to the lower results achieved by Interpolis.

Expenses. Operating expenses fell slightly, by 2% to € 5,839 million compared to € 5,965 million in 2001 principally due to the decrease in other administrative expenses. At 63% of total expenses, staff costs make up the bulk of expenses.

Staff costs. Staff costs rose by 3% in 2002 to € 3,682 million compared to € 3,565 million in 2001, mainly due to salary increases. Hiring costs for temporary and external staff were lower, as part of an ongoing effort to improve efficiency. The Rabobank Group's staff numbers decreased by 306 full-time equivalent employees to 51,867 full-time equivalent employees. The number of jobs decreased especially at the Local Rabobanks, where the number of full-time equivalent employees fell by 1,643, as a result of redundancy efforts, as mentioned above. In other activities, the number of full-time equivalent employees increased as a result of acquisitions and some replacement of external staff such as consultants.

Other administrative expenses and depreciation. Other administrative expenses declined by 12% to € 1,789 million compared to € 2,032 million in 2001. This was mainly due to cost cutting as part of an ongoing effort to improve efficiency and lower costs due to increased automation. Depreciation of buildings and fixtures and fittings was unchanged at € 368 million.

Value adjustments to receivables. In 2002, value adjustments to receivables increased by € 20 million, or 4%, to € 500 million compared to € 480 million in 2001. This increase was comparable to the increase in private sector lending, reflecting a relative decline from 24.3 basis points of private sector lending in 2001 to 23.5 basis points of private sector lending in 2002. Despite the economic downturn, the losses due to bad loans were relatively low as a consequence of the low risk profile of the lending portfolio.

Value adjustments to financial fixed assets. Value adjustments to financial fixed assets were € 252 million in 2002 compared to € 59 million in 2001. This increase was mainly due to write-downs of participating interests and unrealized price losses on the Interpolis securities portfolio.

Net profit. After taxes of € 514 million and third-party interests of € 209 million, net profit amounted to € 1,250 million compared to € 1,206 million in 2001, or a rise of 4%.

Liquidity and Capital Resources

The Rabobank Group's total assets were € 403 billion at December 31, 2003, an 8% increase from € 375 billion at December 31, 2002, which reflected an increase of 3% from € 364 billion at December 31, 2001. The largest proportion of the Rabobank Group's existing lending (not including investments in Dutch treasury securities, other Dutch public sector bonds and securities and interbank deposit placements) consists of residential mortgage loans, which in the Netherlands are primarily fixed rate.

Lending

Lending increased by 11% or € 25.5 billion to € 250.8 billion at December 31, 2003 from € 225.3 billion at December 31, 2002, which reflected an increase of 8% from € 208.6 billion at December 31, 2001. Private sector lending increased by € 23.1 billion to € 235.4 billion at December 31, 2003, an increase of 11% from € 212.3 billion at December 31, 2002, of which 3% resulted from acquisitions. The increase in private sector lending for private individuals, primarily for mortgage finance, was € 14.5 billion to € 117.5 billion at December 31, 2003 from € 103 billion at December 31, 2002. This high demand for mortgage finance was consistent with prior years and was driven by lower interest rates. Residential mortgage loans are made by Local Rabobanks and by the Rabobank Group's mortgage banking subsidiary, Rabohypotheekbank N.V. and by Obvion. These loans are secured by mortgages on underlying properties and have maturities up to thirty years. Lending to companies in the trade, industry and services sector increased by € 5.5 billion to € 81.3 billion at December 31, 2003, a 7% increase compared to December 31, 2002. Lending to the agricultural sector increased by € 3.2 billion to € 36.6 billion at December 31, 2003, a 9% increase of which € 24.2 billion went to the primary agricultural sector, an increase from € 20.2 billion in 2002, and € 12.4 billion went to the international food and agribusiness sector, a decrease from € 13.2 billion in 2002.

The following table shows a breakdown of the Rabobank Group's total lending outstanding to the private sector at December 31, 2003 and 2002, by category of borrower:

At December 31,				
<i>(in billions of euro and as % of total private lending)</i>	2003		2002	
Agricultural sector	36.6	16%	33.4	16%
Trade and industry and the services sector	81.3	35%	75.9	36%
Private individuals	117.5	49%	103.0	48%
Total	235.4	100%	212.3	100%

The maturities of loans granted by the Rabobank Group vary from overdraft facilities to thirty-year term loans.

The following table provides a breakdown at December 31, 2003 of the remaining maturity of the Rabobank Group's total outstanding lending (public and private sector) and professional securities transactions:

At December 31, 2003

(in billions of euro and as % of total loans)

Three months or less	41.8	17%
From three months to one year	12.9	5%
From one to five years	38.4	15%
More than five years	149.0	59%
Undated/withdrawable on demand	8.7	4%
Total	250.8	100%

Funding

At December 31, 2003, funds entrusted to the Rabobank Group were € 172.6 billion, virtually the same level as at December 31, 2002. The balance held in savings accounts rose by € 6 billion to € 72 billion, an increase of 8%, with Internet savings accounting for the majority of the increase. Other funds entrusted (including corporate and retail current account balances, funds outstanding to professional counterparties and other savings funds) declined by € 4.3 billion to € 101.0 billion at December 31, 2003, generated mainly by professional counterparties. Funds from professional securities transactions decreased € 2.7 billion from € 6.0 billion to € 3.3 billion in the same time period. At December 31, 2003, deposits with Local Rabobanks amounted to approximately € 107.8 billion, of which 60% were savings deposits. At December 31, 2003, non-subordinated bonds and other debt securities, including certificates of deposit, totaled € 80.7 billion compared to € 61.7 billion at December 31, 2002. Savings deposits (except those withdrawable upon notice, from one month to 10 years) generally bear interest at rates that Rabobank Nederland can unilaterally change. At December 31, 2003, the Rabobank Group held approximately 38% of all savings deposits maintained by individuals with banks in the Netherlands.

The following table shows the Rabobank Group's sources of funding by source at December 31, 2003, 2002 and 2001:

At December 31,

<i>(in millions of euro)</i>	2003	2002	2001
Savings accounts	71,559	66,272	63,060
Debt securities	80,695	61,739	58,514
Other funds entrusted and Professional securities transactions	101,012	105,360	109,114
Total	253,266	233,371	230,688

The Rabobank Group also funds itself in the interbank and institutional market. The Rabobank Group's total liabilities to credit institutions (other than debt securities) were € 82.9 billion at December 31, 2003, a 4% decrease from € 85.9 billion at December 31, 2002, which reflects a 7% increase from € 80.0 billion at December 31, 2001.

Investment Securities

The Rabobank Group has equity investments and, in some cases, loan investments in various companies in the Netherlands and overseas.

The following tables show the Rabobank Group's investments in interest-bearing negotiable bonds and other interest bearing securities, other than short-term government paper, at December 31, 2003, 2002 and 2001 by issuer and type of security. The value of the Rabobank Group's total investment in such securities decreased from € 78.7 billion at December 31, 2001 to € 71.3 billion at December 31, 2002, a decrease of 9%, and remained virtually unchanged at € 71.1 billion at December 31, 2003.

At December 31,			
<i>(in millions of euro)</i>	2003	2002	2001
Public authorities	35,480	38,644	49,052
Other issuers	35,661	32,676	29,628
Total	71,141	71,320	78,680

At December 31,			
<i>(in millions of euro)</i>	2003	2002	2001
Investment portfolio	43,913	40,946	44,955
Trading portfolio	26,068	29,264	32,769
Securitized loans	1,160	1,110	956
Total	71,141	71,320	78,680

The following table shows the Rabobank Group's investment in shares, including equity shares and other variable-yield securities as well as options and other temporary investments, at December 31, 2003, 2002 and 2001:

At December 31,			
<i>(in millions of euro)</i>	2003	2002	2001
Investment portfolio	7,532	8,293	9,709
Trading portfolio	2,561	1,121	2,539
Options of clients	-	-	308
Total	10,093	9,414	12,556

Contractual Obligations and Contingent Liabilities

The table below provides certain information concerning the payments coming due under our existing contractual obligations at December 31, 2003.

Payments Due by Period					
<i>(in millions of euro)</i>	On demand/ undated	≤ 1 year	< 1 year ≤ 5 years	> 5 years	Total
Debt securities	-	39,399	28,793	12,503	80,695
Subordinated loans	-	-	78	96	174
Other long-term obligations	114,437	46,414	8,688	3,032	172,571

Other long-term obligations consist of funds entrusted by clients other than debt securities (liabilities for deposits and savings, professional securities transactions and other client accounts). For further information, see note 12 to the consolidated financial statements for the year 2003.

Contingent liabilities relate primarily to transactions in which the Rabobank Group stands surety for commitments of third parties.

	At December 31,	
<i>(in millions of euro)</i>	2003	2002
Contingent liabilities consist of:		
Bills discounted	–	25
Guarantees, etc.	5,303	6,412
Irrevocable letters of credit	943	977
Other contingent liabilities	189	241
Total contingent liabilities	6,435	7,655

Contingent liabilities secured by assets was € 11 million at December 31, 2003 compared to € 353 million at December 31, 2002.

Guarantees relate both to credit and non-credit substitute guarantees. Credit-substitute guarantees are guarantees given by Rabobank Group entities in respect of credit granted to customers by a third party. Many of them are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows.

Irrevocable letters of credit mainly secure payments to a third party for a customer's foreign and domestic trade transactions in order to finance a shipment of goods. The Rabobank Group's credit risk in these transactions is limited since these transactions are collateralized by the commodity shipped and are of a short duration. Other contingent liabilities mainly relate to acceptances of bills and are of a short-term nature. As described below, facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients. Many of these facilities are for a fixed duration and bear interest at a floating rate. Most of the unused portion of irrevocable credit facilities is secured by customers' assets or counter-guarantees by the central government and exempted bodies under the regulatory requirements. Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

Irrevocable facilities relate to all irrevocable facilities that could lead to lending.

	At December 31,	
<i>(in millions of euro)</i>	2003	2002
Unused credit facilities	25,876	26,979
Other	241	172
Total irrevocable facilities	26,117	27,151

Capital Adequacy

Capital adequacy and the use of capital are monitored by the Rabobank Group and its subsidiaries, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (the "Basel Committee") and implemented by the EU and the Dutch Central Bank for supervisory purposes.

The Dutch Central Bank, in conjunction with other bank supervisors, regards the risk asset ratio developed by the Basel Committee as a key supervisory tool and sets individual ratio requirements for banks in the Netherlands. This ratio was designed to meet the dual objectives of strengthening the soundness and stability of the international banking system and of creating a fair and consistent supervisory framework for international banks by means of an international convergence of capital measurement and capital standards. The technique involves the application of risk weightings to assets (which for this purpose includes both balance sheet assets and off-balance sheet items) to reflect the credit and other risks associated with broad categories of transactions and counterparties.

The Basel Committee guidelines set a minimum total risk asset ratio for all international banks of 8%. Bank capital adequacy requirements have also been established pursuant to EU directives. These directives, as implemented in the Netherlands, set forth capital standards similar to those of the Basel Committee guidelines.

In addition, the EU Capital Adequacy Directive (the "CAD") became effective January 1, 1996. This directive establishes minimum capital requirements for banks and investment firms for market risks. The CAD is based on a proposal by the Basel Committee.

The risk asset approach to capital adequacy emphasizes the importance of Tier I (core) capital, comprising primarily Group equity, including the Fund for general banking risks. In determining a bank's risk asset ratio, the rules limit qualifying Tier II supplementary capital to an amount equal to Tier I capital. Tier II capital includes subordinated debt and fixed asset revaluation reserves.

The concept of risk weighting assumes that banking activities generally involve some risk of loss. For risk weighting purposes, commercial lendings are taken as a bench-mark to which a risk weighting of 100% is ascribed. Other transactions, which are considered to present lower levels of risk than commercial lending, may qualify for reduced weightings. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee. The resulting amounts are then risk-weighted according to the nature of the counterparty. As a result, credit substitutes, such as standby letters of credit and acceptances, are allocated the same risk weightings as similar on balance sheet lending, while transaction-related off-balance sheet items, such as performance bonds, are allocated a lower weighting in recognition of the smaller likelihood of loss from these instruments.

In the case of interest and exchange rate related contracts, the risks involved relate to the potential loss of cash flows rather than notional principal amounts. These risks are represented by the replacement cost (as defined by the Dutch Central Bank) of the contracts plus an add-on to reflect potential future volatility in replacement cost arising from movements in market rates.

The Tier I ratio and the BIS ratio are the most common ratios used in the financial world to measure solvency. The Tier I ratio expresses the relationship between core capital and total risk-adjusted assets. At December 31, 2003, Rabobank Group's Tier I ratio stood at 10.8 (10.3 at December 31, 2002). This is higher than the long-term target of 10. The minimum requirement set by the external supervisors is 4. The high solvency ratio is one of the reasons for the Rabobank Group's long-term corporate triple A rating by both Moody's and Standard & Poor's.

Total risk-adjusted items increased by € 17.0 billion to € 182.8 billion at December 31, 2003. This increase was largely due to the increase in lending. Tier I capital increased by € 2.5 billion to € 19.7 billion at December 31, 2003.

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital by the total of risk-adjusted assets times one hundred. At December 31, 2003, the BIS ratio came to 10.9 (10.5 at December 31, 2002). This comfortably exceeds the minimum requirement set by the external supervisors of 8.0.

The following table sets forth the risk-weighted capital ratios of the Rabobank Group as of December 31, 2003 and 2002, in each case calculated under the Netherlands' implementation of the relevant EU directives.

Development in capital and solvency ratios

<i>(in millions of euro, except ratios)</i>	At December 31,	
	2003	2002
Tier I capital	19,660	17,202
Tier I ratio	10.8	10.3
Tier I and Tier II capital	19,892	17,414
BIS ratio	10.9	10.5

RISK MANAGEMENT

The Rabobank Group places a high priority on the management of risk and has extensive procedures in place for systematic risk management. Within the Rabobank Group, our risk management policies relating to interest rate risk, market risk and liquidity risk are developed and monitored by the Balance Sheet and Risk Management Committee (the "BRMC"). The BRMC is responsible for balance sheet management, establishing risk policy, setting risk measurement standards, broadly determining limits and monitoring developments, and advising the Executive Board on all relevant issues regarding risk management. Our risk management policies relating to credit risk are developed by the Central Credit Risk Committee Rabobank Group in cooperation with the Credit Risk Management division. These two committees report to the Executive Board, which is ultimately responsible for risk management within the Rabobank Group.

The principal risks we face are market risk, interest rate risk, credit risk, country risk, liquidity risk, operational risk and insurance risk. Rabobank is now in the process of implementing the economic capital framework within the Rabobank Group as a measure of how much capital we should hold on the basis of our risk profile and desired credit rating. Economic capital represents the amount of capital needed to cover for all risks associated with a certain activity. The economic capital framework makes it possible to compare different risk categories with each other because all risks are translated to the same numerator.

Risk Adjusted Return on Capital (RAROC)

Relating the profit achieved on a certain activity to the capital required for that activity produces the RAROC, the risk adjusted return on capital. RAROC is calculated by dividing economic return by economic capital. The calculation and review of RAROC across our business activities and entities assists the Rabobank Group in striking a balance between risk, returns and capital for both the Rabobank Group and its constituent parts. This approach encourages the each individual group entity to ensure appropriate compensation for the risks it runs. RAROC is therefore an essential instrument for positioning products in the market at the right price.

The use of the RAROC model to classify the Rabobank Group's activities also plays a significant part in the allocation of capital to the various group entities and the different risk categories. If the calculated RAROC lags behind the formulated minimum result to be achieved, which is a reflection of the costs of the capital employed, economic value is wasted. A higher RAROC implies the creation of economic value.

Market Risk

Market risk relates to the change in value of the Rabobank Group's trading portfolio as a consequence of changes in market prices, such as interest rates, foreign exchange rates, commodity prices and equity share prices. The BRMC is responsible for developing and supervising market risk policies and monitors the Rabobank Group's worldwide market risk profile. On a daily basis, the Risk Management & Modelling department measures and reports the market risk positions. Market risk is calculated based on internally-developed risk models and systems, which are approved and accepted by the Dutch Central Bank. The Rabobank Group's risk models are based on the "value-at-risk" concept. Value-at-risk describes the maximum possible loss that the Rabobank Group can suffer in a single day, based on historical market price changes and a given certain confidence interval. Value-at-risk within the Rabobank Group is based on actual historical market circumstances. To measure the potential impact of strong adverse market price movements, stress tests are applied. These "event risk scenarios" measure the effect of sharp and sudden changes in market prices. Statistical models are also used to generate other risk measures which assist the Risk Management & Modelling department, as well as the BRMC in evaluating our market positions.

During the year 2003, our daily value-at-risk fluctuated between € 11 million and € 18 million, with an average of € 14 million. In 2002, daily value-at-risk fluctuated between € 10 million and € 15 million, with an average of € 13 million. In 2001, the daily value-at-risk fluctuated between € 7 million and € 12 million, with an average of € 9 million.

On the basis of the value-at-risk analysis, Rabobank Nederland determines its use of capital for market risk positions throughout the Rabobank Group in compliance with the regulations of the Dutch Central Bank.

Interest Rate Risk

The Rabobank Group is exposed to structural interest rate risk in its balance sheet. Interest rate risk can result from, amongst other things, mismatches in assets and liabilities; for example, mismatches between the periods for which interest rates are fixed on loans and funds entrusted. The Rabobank Group manages interest rate risk through the BRMC using both the “income-at-risk” concept and the “equity-at-risk” concept. Based on the income-at-risk and equity-at-risk analyses, the Executive Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to Rabobank Nederland’s interest rate risk profile.

The Rabobank Group’s short-term interest rate risk is measured and controlled based on a concept of “income-at-risk”. This is the maximum amount of interest at risk for the coming 12 months, given a certain confidence level, due to severe changes in short- and long-term interest rates. The maximum income-at-risk for the Rabobank Group was approximately 3.5% of net interest income during 2003 (compared to 4% in 2002). The Rabobank Group’s long-term interest rate risk is measured and controlled based on a concept of “equity-at-risk”, or the sensitivity of the Rabobank Group’s market value of equity to changes in interest rates. Based on analyzing certain scenarios, the consequences of changes in interest rates over a longer period of time are calculated and evaluated. The maximum equity-at-risk for the Rabobank Group was approximately 6.4% of the market value of its equity during 2003.

Credit Risk

The Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. Of the Rabobank Group’s credit portfolio to the private sector, 50% in 2003 consisted of loans to private individuals which tend to have a very low risk profile in relative terms. The remaining 50% is a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

With respect to the management of the Rabobank Group’s exposure to credit risk, Rabobank Nederland’s Credit Risk Management division plays a key role. Applications for a loan or renewal of existing loans beyond certain limits are subject to a thorough credit analysis by credit officers of this department. Further, it monitors the Rabobank Group’s credit portfolio and develops new methods for quantifying credit risks.

Risk profiling is also undertaken at the portfolio level using internal risk classifications for portfolio modelling. Credit ratings are assigned to borrowers by allocating all outstanding loans into various risk categories on a regular basis. The table below shows the impaired loans (i.e., the amount of loans for which a provision has been made) per business unit as a percentage of private sector loans.

	Impaired loans per business unit		
	June 30, 2004	December 31, 2003	December 31, 2002
Retail	1.23%	1.12%	1.06%
Wholesale	3.61%	4.47%	4.62%
Asset management	0.18%	0.08%	0.08%
Leasing	3.31%	3.29%	3.31%
Total	1.71%	1.84%	1.95%

Bad and Doubtful Debt

The Rabobank Group’s credit portfolio is routinely monitored for doubtful and bad debt, which results in review of the credit quality and consequently, if needed, adjustment of the credit rating and taking a provision for doubtful debt. Within the Rabobank Group, a formal analysis of specifically identified larger loans takes place every quarter and is reported in the form of loan strategy reports, which include evaluation of the risks associated with each loan, the current financial condition of the borrower, the economic environment in which the borrower operates, the value of collateral and the strategy for the coming period to protect the interests of the Rabobank Group.

The table below sets forth the Rabobank Group’s value adjustments to receivables (i.e., additions to provisions for loan losses) taken by the Rabobank Group for the five years ended

December 31, 2003 as well as for the first half of 2004 (annualized), per business unit as a percentage of our private sector lending.

Value Adjustments to Receivables per business unit

	1st half year 2004	2003	2002	2001	2000	1999
Retail	0.15%	0.13%	0.11%	0.11%	0.09%	0.10%
Wholesale	0.35%	0.60%	0.56%	0.59%	0.49%	0.50%
Asset management	0.00%	0.00%	0.00%	0.02%	0.00%	-0.01%
Leasing	0.67%	0.65%	0.65%	0.60%	0.48%	0.57%
Total	0.22%	0.24%	0.24%	0.24%	0.20%	0.22%

In determining the amount of the value adjustment to receivables, corporate loans are assessed on a loan by loan basis and the following factors are considered:

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of our commitments to the customer;
- the realizable value of any collateral (security) for the loan; and
- the costs associated with obtaining repayment and realization of any security.

Country Risk

Loans to parties abroad expose the Rabobank Group not only to the customary credit risk but also to country risks. Country risk is specifically attributable to events in a specific country or group of countries. We encounter country risk in our lending, trading and investment activities. We manage country risk using a system of internal ratings for each country. Based on these ratings and the determination of our Country Limit Committee as to how much risk to take on, internal limits per country are established. The decisions on the country risk limits are taken at Executive Board level and are based on recommendations of the Country Limit Committee. Provisions for country risk are made if repayment problems might arise as a result of government measures or extreme circumstances in a country. Due account is taken of risk mitigating factors such as collateral outside the country of risk and structure of the transaction.

Liquidity Risk

Liquidity risk is the risk that a member of our Group will not be able to meet its financial liabilities when due. The Rabobank Group closely monitors its liquidity risk to maintain an adequate liquidity buffer such that Group entities are able to meet their financial liabilities when due. In the past five years, the Rabobank Group has worked on a substantial diversification of its funding base. By concentrating on central banks, money market funds, pension funds and asset managers, it is less dependent on funds from other commercial banks. On the asset side of the balance sheet, greater priority has been given to assets that can be converted readily into cash. Liquidity risk is an organization-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets.

Operational Risk

Operational risk is the risk of direct or indirect losses arising from deficiencies in procedures and systems and from human failures or from external events. We are in the process of implementing a Group-wide operational risk policy which was introduced in mid-2003. Decentralized databases are being set up at all entities to record and report operational incidents. In addition, sophisticated instruments are made available to enable robust operational risk management within each Rabobank Group entity. As before, the management of the individual Rabobank Group entities is responsible for developing policy, processes and procedures to manage operational risk in line with Group policy.

Insurance Risk

At Interpolis risk management is concerned mainly with insurance risks, using appropriate techniques. The risks of existing and new products are estimated and changes in them are

monitored. This enables the Rabobank Group to ascertain whether future commitments can be met with sufficient certainty and whether calamities can be absorbed financially. Interpolis' risk management policy takes account of possible disaster scenarios.

Reserves

The following table shows Rabobank Nederland's reserves and risk-based capital ratios for the five years up to and including December 31, 2003. Rabobank Nederland's Capital Adequacy Ratio ("BIS ratio") has consistently exceeded the minimum Dutch Central Bank requirement of 8.0. The Rabobank Group's equity consists almost entirely of Tier 1 capital. At December 31, 2003, Rabobank Nederland's Tier 1 ratio was 10.8 compared to the minimum requirement of 4.0.

	As of December 31,				
	2003	2002	2001	2000	1999
Reserves (in millions of euro) ⁽¹⁾	17,270	14,911	13,030	13,108	11,867
BIS ratio	10.9	10.5	10.2	10.6	10.5
Tier 1 ratio	10.8	10.3	9.9	10.3	10.0

The Rabobank Group also maintains a fund of € 1.7 billion for general banking risks ("FAR") in order to attempt to absorb general banking risks arising as a result of unforeseeable and therefore unquantifiable expenses. Movements in the FAR are accounted for as a separate line item in the profit and loss account of the Rabobank Group and expenses related to amounts released from the FAR are accounted for under the related items in the profit and loss account.

(1) Reserves as previously published, before reclassification of Trust Preferred Securities from Reserves to Subordinated loans. Please see page 70.

GOVERNANCE OF THE RABOBANK GROUP

Rabobank Nederland has a Supervisory Board and an Executive Board. The Supervisory Board (*raad van commissarissen*) of Rabobank Nederland consists of at least seven persons and is responsible for monitoring Rabobank Nederland's policy, compliance with applicable legislation and its articles of association and examining and reporting to the General Meeting on the annual statement of accounts. On the recommendation of the Supervisory Board the General Meeting appoints the Rabobank Group's external auditor, whose statement on accounts is also submitted to the General Meeting. Members of the Supervisory Board are appointed by the General Meeting. The total remuneration of the members of the Supervisory Board amounted to € 1.7 million in 2003.

The Executive Board (*raad van bestuur*) of Rabobank Nederland consists of at least two members. The number of members is determined by the Supervisory Board. The members are appointed by the Supervisory Board and may be suspended and removed by the Supervisory Board. The Executive Board prepares and executes Group strategy has responsibility for the appointment, suspension and removal of general managers of Rabobank Nederland and the management of Rabobank Nederland, which includes, under the approval of the Supervisory Board, the authorization of debenture issues of Rabobank Nederland. The Executive Board is responsible for the compilation of the annual statement of accounts for adoption by the General Meeting and the recommendation of the profit appropriation to Rabobank Nederland's members. At present, the Executive Board consists of five persons. Bert (H.) Heemskerk is the Chairman of the Executive Board of Rabobank Nederland and is currently acting CFO. The total remuneration of the members of the Executive Board amounted to € 10.8 million in 2003.

No individual may be a member of both Rabobank Nederland's Supervisory Board and Rabobank Nederland's Executive Board. No member of the Supervisory Board is permitted to belong to the staff of Rabobank Nederland, a Local Rabobank or any institution affiliated with Rabobank Nederland, nor is a member of the Supervisory Board permitted to belong to the Supervisory Board, the Executive Board or the board of directors of a Local Rabobank. No member of the Executive Board is permitted to hold office with, or be employed by, any Local Rabobank. The members of the Supervisory Board and the Executive Board cannot hold any office with a credit institution within the meaning of the Act on the Supervision of the Credit System 1992 which is not in any way affiliated with Rabobank Nederland.

The following persons, all of whom are resident in the Netherlands except Mr. Berndsen who is resident in Belgium, are appointed members of the Supervisory Board and the Executive Board of Rabobank Nederland.

Supervisory Board of Rabobank Nederland

Name	Year Appointed	Term Expires
Lense (L.) Koopmans, Chairman	2002	2005
Leo (L.J.M.) Berndsen	2002	2005
Teun (T.) de Boon	2002	2004
Bernard (B.) Bijvoet	2002	2008
Wim (W.F.) Duisenberg	2004	2008
Sjoerd (S.E.) Eisma	2002	2005
Marinus (M.) Minderhoud	2002	2007
Hans (J.A.A.M.) van Rossum	2002	2006
Herman (H.C.) Scheffer	2002	2006
Martin (M.J.M.) Tielen	2002	2006
Aad (A.W.) Veenman	2002	2006
Antoon (A.J.A.M.) Vermeer	2002	2007
Arnold (A.H.C.M.) Walravens	2004	2007

Executive Board of Rabobank Nederland

Name	Year Appointed	Nationality
Bert (H.) Heemskerk, Chairman	2002	Dutch
Hans (J.C.) ten Cate	2000	Dutch
Piet (P.W.) Moerland	2003	Dutch
Piet (P.J.A.) van Schijndel	2002	Dutch
Rik (D.J.M.G.) baron van Slingelandt	1996	Dutch

The members of the Supervisory Board and the Executive Board have elected domicile at the head office of Rabobank Nederland at Croeselaan 18, 3521 CB Utrecht, the Netherlands.

Management of the Local Rabobanks

Each Local Rabobank within the Rabobank Group is governed by a board of directors (*bestuur*) and a supervisory board (*Raad van Commissarissen*). Members of the supervisory board are elected by the members of the Local Rabobank. At the General Meeting of June 25, 2004, the articles of association that the Local Rabobanks may use, were amended to provide for two possible organizational models for the Local Rabobanks. Under the existing partnership model, the supervisory board of each Local Rabobank, with the approval of Rabobank Nederland, appoints the managing director (*Directeur/Bestuurder*) who is also a member of the board of directors. The managing director is responsible for the management of the business and the implementation of policies of the Local Rabobank. A Local Rabobank operating under the partnership model does not have council of members (*Ledenraad*). Under the new directorship model, management of the Local Rabobank is conducted by an executive board (*Directie*), which is appointed by, but separate from, the supervisory board of each Local Rabobank and must consist of at least two members. Members of the executive board may not be members of the Local Rabobank. For Local Rabobanks operating under the directorship model, a council of members is mandatory.

Representatives of the Local Rabobanks meet annually at the General Meeting of Rabobank Nederland to, amongst other things, determine the annual statement of accounts and any changes to the articles of association, and to elect the members of Rabobank Nederland's Supervisory Board.

Changes in Management Membership

Mr. Jac Verhaegen retired from the Executive Board per July 1, 2004 as a result of reaching the retirement age.

Mr. Duisenberg and Mr. Walravens joined the Supervisory Board as of June 24, 2004.

REGULATION OF RABOBANK NEDERLAND

General Overview

Rabobank Nederland is a credit institution (*kredietinstelling*) organized under the laws of the Netherlands. The principal Netherlands law applicable to Rabobank Nederland is the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*) (the 'Netherlands Act'), under which Rabobank Nederland is supervised by the Dutch Central Bank and the Dutch Minister of Finance. Rabobank Nederland and the various Rabobank Group entities are also subject to certain European Union ('EU') directives which have a significant impact on the regulation of the Rabobank Group's banking, asset management and broker-dealer businesses in the EU and the regulation and control of local central banks and monetary authorities of the various countries in which we do business.

Rabobank Nederland, the Local Rabobanks and the subsidiaries of Rabobank Nederland are in compliance in all material respects with the applicable banking and insurance regulations and capitalization and capital base requirements of each applicable jurisdiction.

Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements develops international capital adequacy guidelines based on the relationship between a bank's capital and its credit risks. In this context, on July 15, 1988, the Basel Committee adopted risk-based capital guidelines (the 'Basel guidelines'), which have been implemented by banking regulators in the countries that have endorsed them. The Basel guidelines are intended to strengthen the soundness and stability of the international banking system. The Basel guidelines are also intended to reduce an existing source of competitive inequality among international banks by harmonizing the definition of capital and the rules for the evaluation of asset risks and by establishing a uniform target capital base ratio (capital to risk-weighted assets). Supervisory authorities in each jurisdiction have, however, some discretion in determining whether to include particular instruments as capital under the Basel guidelines and to assign different weights, within a prescribed range, to various categories of assets. The Basel guidelines were adopted by the European Community and applied to all banks and financial institutions in the EU, and on January 1, 1991, the Dutch Central Bank implemented them and they were made part of Netherlands regulations.

In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988. Since then, several consultative papers for a new capital accord have been released by the Basel Committee on Banking Supervision, which were discussed by several international working parties. The new accord ("Basel II") was published in June 2004. The target is to achieve a flexible framework that is more closely in line with internal risk control and that will result in a more sophisticated credit risk weighting. The Rabobank Group has joined in a number of global exercises initiated by the Basel Committee, aimed at establishing the consequences of Basel II. Given its traditionally low (credit) risk profile, the new capital adequacy requirements for the Rabobank Group are significantly lower than the current ones. The Rabobank Group has already started the implementation of Basel II.

The European Commission has adopted a proposal for the amendment of the EC Directive 2000/12 and the EEC Directive 1993/6 to introduce the new capital requirements framework. According to the co-decision procedure, the European Council and European Parliament will have to approve the proposal before the Member States can implement it in their own legislation. The approval of the Council and Parliament is foreseen before the end of 2005 and the implementation by the Member States by the end of 2006. In the Netherlands, the proposal will need to be transposed into national regulations by the Ministry of Finance. Basel II will impact the areas of risk sensitivity, group structures, equity holdings in non-banks and retail exposures.

European Union Standards

The European Community has adopted a capital adequacy regulation for credit institutions in all its member states based on the Basel guidelines. In 1989, the EC adopted the Council Directive of April 17, 1989 on the 'own funds' of credit institutions (the 'Own Funds Directive'), defining qualifying capital ('own funds'), and the Council Directive of December 18, 1989 on a capital base ratio for credit institutions (the 'Capital Base Ratio Directive' and, together with the Own Funds Directive, the 'EC Directives'), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The EC Directives required the EU member states to transform the provisions of the

Capital Base Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks operating in the member states. The EC Directives permit EU member states, when transforming the EC Directives into national law, to establish more stringent requirements, but do not permit more lenient requirements. In 2000, the EC adopted the Directive of March 20, 2000 on the taking up and pursuit of the Business of Credit Institutions (EC Directive 2000/12), which directive consolidated various previous directives, including the EC Directives.

As stated above, the European Commission has now adopted a proposal for the amendment of the EC Directive 2000/12 and the EEC Directive 1993/6 to introduce the new capital requirements framework agreed by the Basel Committee on Banking Supervision. The proposal sets out new rules on capital requirements. The proposal reflects the flexible structure and the major components of Basel II, but has been tailored to the specific features of the EU market.

Instead of the current 'one-size-fits-all' approach, the proposed new framework would consist of three different approaches allowing financial institutions to choose the approach most suited to them: simple, intermediate and advanced. The simple and intermediate approaches would be available by end 2006 (but banks could still opt to apply the current rules until end 2007) and the most advanced approaches from end 2007. Rabobank intends to make use of the advanced approach.

On December 16, 2002, the European Union adopted a directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. This directive aims to address the supervisory issues that arise from the blurring of distinctions between the activities of firms in each of the banking, securities, investment services and insurance sectors. The main objectives of the directive are to:

- ensure that a financial conglomerate has adequate capital;
- introduce methods for calculating a conglomerate's overall solvency position;
- deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- prevent situations in which the same capital is used simultaneously as a buffer against risk in two or more entities which are members of the same financial conglomerate ("double gearing") and where a parent issues debt and downstreams the proceeds as equity to its regulated subsidiaries ("excessive leveraging").

EU Member States have to provide that the provisions of this directive shall first apply to the supervision of accounts for the financial year beginning on January 1, 2005.

Netherlands Regulation

General

In 2001, a major supervisory reform was undertaken in the Netherlands. The sector-oriented supervision (by the Dutch Central Bank on banks, the Pensions and Insurance Supervisory Board on pension funds and insurance institutions and the Netherlands Authority for the Financial Markets on securities institutions) has been replaced by a more functional approach. As of September 2002, supervision has been divided into prudential supervision, carried out by the Dutch Central Bank and the Pension and Insurance Supervisory Board together, and conduct of business supervision, carried out by the Netherlands Authority for the Financial Markets.

Pursuant to authority granted under the Netherlands Act, the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of the Rabobank Group's activities. The Netherlands Authority for the Financial Markets also carries out conduct of business supervision. Set forth below is a brief summary of the principal aspects of the Netherlands Act.

The Netherlands Act

Scope of the Act

A credit institution is any enterprise whose business it is to receive funds repayable on demand or subject to notice and to grant credits or make investments for its own account. Rabobank Nederland and various Rabobank Group entities, including each of the Local Rabobanks are credit institutions and, because they are engaged in the securities business as well as the commercial banking business, each is considered a 'universal bank'.

Licensing

Under the Netherlands Act, a credit institution established in the Netherlands is required to obtain a license from the Dutch Central Bank before engaging in any banking activities. The requirements to obtain a license, among others, are as follows: (i) the day-to-day policy of the credit institution must be determined by at least two persons; (ii) the credit institution must have a body of at least three members which has tasks similar to those of a board of supervisory directors; and (iii) the credit institution must have a minimum equity (*eigen vermogen*) of € 5,000,000. Also, the Dutch Central Bank shall refuse to grant a license if, among other things, it is of the view that (i) the persons who determine the day-to-day policy of the credit institution have insufficient expertise to engage in the business of the credit institution, (ii) the interests of (future) creditors could be materially prejudiced given the intentions or credentials of one or more persons who determine the policy of the credit institution or (iii) through a qualified holding in the credit institution, influence on the policy of such enterprise or institution may be exercised which is contrary to 'prudent banking policy' (*gezond bankbeleid*). In addition to certain other grounds, the license may be revoked if a credit institution fails to comply with the requirements for maintaining it.

Reporting and Investigation

A credit institution is required to file with the Dutch Central Bank its annual financial statements in a form approved by the Dutch Central Bank, which includes a balance sheet and a profit and loss statement that have been certified by a qualified auditor in the Netherlands or an equally qualified foreign auditor who is licensed in the Netherlands. In addition, a credit institution is required to file with the Dutch Central Bank or a designated agency monthly balance sheets, on a basis established by the Dutch Central Bank, which also has the option to demand more frequent reports (including reports certified by a qualified auditor in the Netherlands or an equally qualified foreign auditor who is licensed in the Netherlands). The credit institutions' reports to the Dutch Central Bank are required to be 'truthful and not misleading'.

A credit institution must also inform the Dutch Central Bank of any change in number and the identity or the credentials of the persons determining its day-to-day policy. Furthermore, a credit institution must also inform the Dutch Central Bank if it fails to comply, or to comply fully, with the Dutch Central Bank's standards regarding solvency, liquidity or administrative organization.

Supervision

The Dutch Central Bank exercises supervision with respect to the solvency and liquidity of credit institutions, supervision of the administrative organization of credit institutions and structure supervision relating to credit institutions. To this end, the Dutch Central Bank has issued the following general guidelines:

– *Solvency Supervision*

The guidelines of the Dutch Central Bank on solvency supervision require that a credit institution maintains own funds in an amount equal to at least eight per cent. of its risk-weighted assets operations. These guidelines also impose limitations on the aggregate amount of claims (including extensions of credit) a credit institution may have against one debtor or a group of related debtors.

– *Liquidity Supervision*

The guidelines of the Dutch Central Bank relating to liquidity supervision require that a credit institution maintains sufficient liquid assets against certain liabilities of the credit institution. The basic principle of the liquidity directives is that liquid assets must be held against 'net' liabilities of credit institutions (after netting out claims and liabilities in a maturity schedule) so that the liabilities can be met on the due dates or on demand, as the case may be. These guidelines impose additional liquidity requirements if the amount of liabilities of a credit institution with respect to one debtor or group of related debtors exceeds a certain limit.

– *Structure Supervision*

The Netherlands Act provides that a credit institution must obtain a declaration of no-objection from the Minister of Finance (or, in certain cases, determined by the Minister of Finance from the Dutch Central Bank) before, among other things, (i) reducing its own funds (*eigen vermogen*) by way of repayment of capital or distribution of reserves or making a distribution from the fund for general banking risks as referred to in article 2:424 of the

Dutch Civil Code, (ii) acquiring or increasing a qualified holding in a regulated institution such as a credit institution or other regulated financial institution, if the balance sheet total of that institution at the time of the acquisition or increase amounts to more than 1% of the credit institution's consolidated balance sheet total, (iii) acquiring or increasing a "qualified holding" in another enterprise or institution if the amount paid for the acquisition or the increase together with any amounts paid for prior acquisitions and prior increases exceeds 1% of the consolidated own funds (*eigen vermogen*) of the credit institution, (iv) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution, (v) merging with another enterprise or institution or (vi) proceeding to financial or corporate reorganization. For purposes of the Netherlands Act, "qualified holding" is defined to mean the holding, directly or indirectly, of an interest of at least 10% of the issued share capital or voting rights in an enterprise or institution, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a credit institution, or to exercise any voting power in connection with such holding, only after such declaration of no-objection has been obtained. The Netherlands Act provides for certain (prior) notification requirements applying to credit institutions and persons increasing or reducing their holdings in credit institutions.

– *Administrative Supervision*

The Dutch Central Bank also supervises the administrative organization of the individual credit institutions, including Rabobank Nederland, their financial accounting system and internal controls. The administrative organization must be such as to ensure that a credit institution has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of administrative organizations, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of insider information.

Emergencies

The Netherlands Act contains an 'emergency regulation' which can be declared in respect of a credit institution by a Dutch court at the request of the Dutch Central Bank if such credit institution is in a position which requires special measures for the protection of its creditors. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the organs of the credit institution. Furthermore, the emergency regulation provides for special measures for the protection of the interests of the creditors of the credit institution. A credit institution can also be declared in a state of bankruptcy by the court.

Rabobank Nederland and the Local Rabobanks file consolidated monthly and annual reports that provide a true and fair view of their respective financial position and results with the Dutch Central Bank. Our independent auditors audit these reports annually.

CAPITALISATION

The following table sets forth in summary form the Group's consolidated own funds and consolidated medium and long-term debt securities at June 30, 2004 and at December 31, 2003:

<i>(EUR in millions)</i>	June 30, 2004 (unaudited)	December 31, 2003
Group equity		
Fund for general banking risks	1,679	1,679
Subordinated loans	2,245 ⁽¹⁾	2,211 ⁽¹⁾
Reserves ⁽³⁾	16,022	15,233
Third-party interests	4,733	4,463
	<hr/>	<hr/>
Group equity	24,679	23,586
Group debt securities ⁽²⁾	96,617	80,695
	<hr/>	<hr/>
Total capitalisation	121,296	104,281
Breakdown of reserves		
Revaluation reserves	324	222
Other reserves	11,848	11,158
Members' Capital	3,850	3,853
	<hr/>	<hr/>
Reserves ⁽³⁾	16,022	15,233

There has been no material change in the capitalisation of the Group since June 30, 2004. As at August 31, 2004, total liabilities and Group equity increased by € 12,878 million from the corresponding figure of € 440,348 million as at June 30, 2004. There was a decrease of € 44 million in total income, € 11 million in operating profit before taxation and € 30 million in net profit for the period from July 1, 2004 to August 31, 2004 as compared with the corresponding period in the preceding year. As per October 11, 2004 there was a slight increase in long-term debt minus funds entrusted as compared to June 30, 2004. These figures are unaudited.

(1) Including Trust Preferred Securities issued prior to 2004. This does not give effect to Trust Preferred Securities expected to be issued in the second half of October or beginning of November 2004 (USD 1.5 billion tranche; GBP tranche; AUD tranche), as described in "Description of Business of the Rabobank Group – Recent Developments – Trust Preferred Securities".

(2) Group debt securities includes short-term debt and long-term debt. The Rabobank Group had short-term debt amounting to € 34,547 million and € 42,204 million, at December 31, 2003 and June 30, 2004, respectively. The Rabobank Group had long-term debt amounting to € 46,128 million and € 54,413 million, at December 31, 2003 and June 30, 2004, respectively. These figures are unaudited.

(3) At January 1, 2004 a change in accounting policy concerning the recognition of Trust Preferred Securities was introduced. The comparative figures for 2003 have been restated accordingly. Therefore, the 2003 figures presented above differ from the 2003 figures in the financial statements of 2003. Please see page 70.

RABOBANK AUSTRALIA BRANCH

ABN 70 003 917 655

Rabobank Australia Branch is otherwise described as the Australian Branch of Rabobank Nederland.

'Rabobank Australia Group' encompasses all the operating entities of the Rabobank Group in Australia and New Zealand, including the Australian Branch of Rabobank Nederland, the New Zealand Branch of Rabobank Nederland, Rabobank Australia Limited, Rabo Australia Limited, Rabo Equipment Finance Limited, Rabo Corporate Finance & Securities Pty Limited, Rabo New Zealand Holdings Limited and Rabobank New Zealand Limited, together with their subsidiary companies.

Rabobank Nederland entered the Australian market in 1990 through the establishment of a representative office. This office acted as a liaison office for the Global Rabobank Group by fulfilling a supporting and advisory role with respect to business and marketing opportunities in both Australia and New Zealand.

A related area of interest for the Rabobank Group is servicing the trade finance requirements of its existing clients and significant growth potential is also identified in agri-trade finance through expansion of the group's client base.

In 1996, Rabobank Nederland was granted banking authorities to engage in banking on a branch basis in Australia and New Zealand. Rabobank Australia Branch is the holder of an Australian Financial Services Licence. This is in line with Rabobank Nederland's international strategy, which is primarily targeted at establishing Rabobank Nederland as a global leader in the financing of international food and agri-business.

Currently, the Australian-based Rabobank Australia Group office staff are all employed by Rabobank Australian Branch.

Rabobank Australia Branch does not publish annual or interim accounts. Because it is a branch of Rabobank Nederland, its financial results are incorporated in the financial statements of Rabobank Nederland.

Rabobank Australia Branch is not a stand-alone or separately incorporated legal entity and it does not have any share capital.

RABO AUSTRALIA LIMITED

ABN 39 060 452 217

Rabobank Nederland entered the Australian market in 1990 through the establishment of a representative office. This office acted as a liaison office for the Rabobank Group by providing a supporting and advisory role with respect to business and marketing opportunities in both Australia and New Zealand.

Rabobank Nederland intends to expand the Group's business in Australia and New Zealand in its preferred areas of food and agri-business. This requires the ability to fund transactions relating to its proposed expansion in local currencies. For this reason Rabo Australia Limited is incorporated in the Australian Capital Territory on July 19, 1993 and is the holder of an Australian Financial Services Licence.

Rabo Australia Limited also undertakes trade finance on behalf of existing Rabobank Group clients and intends to expand its operations in agri-trade finance through the procuring of new clients. Because of the various destinations of its clients' goods, Rabo Australia Limited must fund in a number of currencies.

Following Rabobank Group's acquisition of Rabobank Australia Limited ('RBAL') (formerly 'Primary Industry Bank of Australia Limited') in October 1994, the support and treasury functions of RBAL and Rabo Australia Limited were merged. Rabo Australia Limited now fulfils the role of funding its own assets and a portion of RBAL's assets.

In 1996 Rabobank Nederland was granted authority to engage in banking on a branch basis in Australia and New Zealand. This is in line with Rabobank Nederland's international strategy, which is primarily targeted at establishing Rabobank Nederland as a global leader in the financing of international food and agri-business.

Set out below is a list of all the subsidiaries of Rabo Australia Limited;. With the exception of Acrux Limited and Bauhinia Finance Limited, all of the subsidiaries are Australian-incorporated:

Acrux Limited – a special purpose Jersey-incorporated company established in relation to a transaction involving value added shares of a bank.

Bauhinia Finance Limited – a special purpose Hong Kong incorporated company established in relation to a Corporate Finance Transaction involving investments in Fixed Rate Bonds.

Cavelab Pty Ltd ACN 081 732 630 630 – a special purpose company established to finance an equity investment in a motion picture.

Checkerberry Pty Ltd ACN 085 475 289 – a special purpose company established to finance a US partnership investment.

Faido Pty Ltd ACN 077 812 929 – a special purpose company established to finance an investment in assets of the subject of a leveraged lease.

Gresham Rabo Management Limited ACN 078 108 086 – a company which is the manager and trustee of two food and agribusiness funds.

Jepway Pty Ltd ACN 081 732 185 – a special purpose company established to finance an equity investment in a motion picture.

Lautrec (MR) Pty Ltd ACN 095 759 854 – a special purpose company for a corporate lease transaction.

Platypus Finance Pty Limited ACN 110 696 172 – a special purpose company incorporated for a Corporate Finance Transaction involving investments in Fixed Rate Bonds.

Rabo Corporate Finance & Securities Pty Ltd ACN 084 923 124 – a company incorporated for advising and trading in securities and futures and to conduct a mergers and acquisition business.

Rabo Equipment Finance Limited ACN 072 771 147 – a company established to provide lease and hire finance in Australia.

Rabo Financial Advisors Limited ACN 096 538 288 – a company providing financial planning advice and associated services.

Sareagle Pty Ltd ACN 093 337 529 – a special purpose company associated with an investment in a U.S. partnership.

Soep Pty Limited ACN 094 415 764 – a special purpose company associated with an investment in a US. Partnership.

Vitis V. Trading Pty Ltd ACN 095 933 805 – a special purpose company established to finance wine related assets, inventory and debtors.

Yarra Finance Pty Limited ACN 111 136 639 – a special purpose company incorporated for a corporate finance transaction involving an investment in a U.S. Partnership.

With the exception of Gresham Rabo Management Limited and Rabo Financial Advisors Limited, Rabo Australia Limited holds 100 per cent. of the issued ordinary share capital of its subsidiaries and in turn some of these subsidiaries, namely Cavelab Pty Ltd., Sareagle Pty Ltd. and Platypus Finance Pty Ltd., also hold 100 per cent. of the Ordinary Shares in their subsidiaries, namely Jepway Pty Ltd., Soep Pty Ltd. and Bauhinia Finance Ltd. respectively. In addition, Rabo Australia Limited has a 50 per cent. shareholding in Gresham Rabo Management Limited and holds a majority shareholding in Rabo Financial Advisors Limited.

Currently the Rabo Australia Limited office staff are all employed by the Australian Branch of Rabobank Nederland.

The members of the Board of Directors of Rabo Australia Limited elect domicile at the offices of Rabo Australia Limited at Level 7, Rabobank House, 115 Pitt Street, Sydney, NSW 2000, Australia.

The following persons are current Members of the Board of Directors of Rabo Australia Limited:

J.P. Graham
F.M. Davidson, OBE
A.M. Davis
B.R. Dick
E. Fraunschiel
W.J.Kolff
I.A. Langdon
D.J.M.G. van Slingelandt
D.W. Smithers, AM

Capitalisation

The following table⁽¹⁾ summarises Rabo Australia Limited's own funds and debt securities at December 31, 2003.⁽²⁾

<i>(AUD millions)</i>	December 31, 2003
Share capital (issued 25,000,005 ordinary shares nominal value AUD 1 each fully paid)	25
Retained profits	86
Long-term borrowings	4,206
Total capitalisation	4,317

(1) This table should be read in conjunction with the financial statements incorporated by reference and of which the Consolidated Statement of Financial Position and the Consolidated Statement of Financial Performance are included in this Offering Circular.

(2) Other than an increase in long-term borrowings to approximately AUD 5,105 million as of August 31, 2004 (the figure is unaudited), there has been no material change in the capitalisation of Rabo Australia Limited since December 31, 2003. Rabo Australia Limited does not publish interim financial statements and as such capitalisation is described at December 31, 2003.

RABO AUSTRALIA LIMITED

Consolidated Statement of Financial Position

	At December 31,	
<i>(AUD in thousands)</i>	2003	2002
Assets		
Liquid assets	4,544	4,206
Investment securities	133,032	103,370
Loans and other receivables	3,283,397	4,013,322
Due from related entities	1,376,107	951,381
Deferred tax assets	26,765	18,532
Investment in related entities	50,000	50,000
Investment in associated entities	7,418	28,235
Fixed assets	105,530	119,444
Intangible assets	2,565	3,902
Other assets	4,952,100	4,362,640
	9,941,458	9,655,032
Liabilities		
Bank overdraft	5,095	23,732
Deposits	68,941	83,369
Due to other banks	17,883	40,056
Due to related entities	822,036	1,087,876
Deferred tax liabilities	16,215	28,634
Long term borrowings	4,205,587	4,000,936
Other liabilities	4,694,454	4,291,633
	9,830,211	9,556,236
Total Liabilities	9,830,211	9,556,236
Net Assets	111,247	98,796
Equity		
Parent entity interest		
Contributed equity	25,000	25,000
Retained profits	86,031	73,667
	111,031	98,667
Total parent entity interest in equity	111,031	98,667
Total outside equity interest	216	129
	111,247	98,796
Total Equity	111,247	98,796

RABO AUSTRALIA LIMITED

Consolidated Statement of Financial Performance

	For the Year Ended December 31,	
<i>(AUD in thousands)</i>	2003	2002
Interest income	360,867	336,180
Interest expense	307,173	283,791
Net interest income	53,694	52,389
Share of net losses of associates accounted for using the equity method	(8,547)	(3,661)
Other income:		
Revenue from sale of fixed assets	886	661
Written down value of fixed assets sold	(897)	(780)
Other	47,781	24,925
Total other income	47,770	24,806
Total operating income	92,917	73,534
Charge for provision for doubtful debts	9,662	4,362
Write back of provision for decrement in value of investment securities	–	(1,911)
Charge for provision for decrement in value of investment in associates	18,009	–
Operating expenses	74,028	41,280
Profit/(loss) from ordinary activities before income tax expense	(8,782)	29,803
Income tax expense / (income tax revenue) relating to ordinary activities	(20,695)	5,047
Net profit/(loss) from ordinary activities after income tax expense	11,913	24,756
Net loss attributable to outside equity interest	451	515
Net profit/(loss) attributable to members of Rabo Australia Limited	12,364	25,271

RABOBANK SINGAPORE BRANCH

Rabobank Singapore Branch is the Singapore Branch of Rabobank Nederland.

Rabobank Nederland entered the Singaporean market in 1986, when it established Rabobank Singapore Branch operating as an offshore bank in Singapore. Rabobank Singapore Branch is registered as a foreign company with the Accounting and Corporate Regulatory Authority in Singapore and bears the registration number F03634W.

Rabobank Singapore Branch is licensed as a Wholesale Bank by the Monetary Authority of Singapore to carry out a wide range of banking business.

Rabobank Singapore Branch prepares and files with the Accounting and Corporate Regulatory Authority in Singapore annual statutory accounts that reflect only transactions recorded locally. Rabobank Singapore Branch does not publish interim accounts. Because it is a branch of Rabobank Nederland, its financial results are incorporated in the financial statements of Rabobank Nederland.

Rabobank Singapore Branch is not a separately incorporated legal entity and its capital is not represented by shares.

RABOBANK IRELAND PLC

Rabobank Ireland plc is a an indirectly wholly owned subsidiary of Rabobank Nederland. Rabobank Ireland plc was incorporated in Ireland on February 21, 1994 and received its banking licence from the Central Bank of Ireland (now known as the Irish Financial Services Regulatory Authority) on August 12, 1994. The registration number of Rabobank Ireland plc is 213349. Rabobank Ireland plc converted to plc status on July 9, 1997. Rabobank Ireland plc is involved in the international treasury and capital markets, international lending/structured finance markets and domestic corporate banking in Ireland.

At December 31, 2003, Rabobank Ireland plc's gross assets were EUR 20.8 billion, and it had net worth of slightly more than EUR 577 million. The own funds regulatory capital ratio for Rabobank Ireland plc and its subsidiaries was 11.69 per cent. at December 31, 2003.

Rabobank Ireland plc's strategy is to achieve continued organic growth in its treasury and banking operations, in line with the global Rabobank Group strategy.

Rabobank Ireland plc has three subsidiaries. Gosmore Investments and Tullaghought Company are special purpose vehicles that trade in and invest in securities. Rabo International Support Limited is engaged in the provision of IT services to an affiliated company. All three subsidiaries are incorporated in Ireland.

The members of the Board of Directors of Rabobank Ireland plc elect domicile at the offices of Rabobank Ireland plc at George's Dock House, International Financial Services Centre, Dublin 1, Ireland.

The following persons are current Members of the Board of Directors of Rabobank Ireland:

W.J. Kolff (Chairman)
H. Kiewiet de Jonge (Managing Director)
J.E. Callaghan
S.N. Schat
C. Mol

Capitalisation

The following table⁽¹⁾ summarises Rabobank Ireland's own funds and debt securities at December 31, 2003⁽²⁾⁽³⁾.

<i>(EUR in thousands)</i>	December 31, 2003
Called up share capital	7,060
Capital contribution reserve	338,934
Retained profits	231,444
Debt securities in issue	1,455,012
Total capitalisation	2,032,450

(1) This table should be read in conjunction with the financial statements incorporated by reference and of which the Consolidated Balance Sheet and the Consolidated Profit and Loss Account are included in the Offering Circular.

(2) The authorised share capital of Rabobank Ireland plc is EUR 25,000,000, divided into 50,000,000 Ordinary Shares of EUR 0.50 each (of which EUR 7,000,000 has been issued).

(3) Other than an increase of Debt Securities in issue to approximately EUR 2,078,686,000 as of August 31, 2004 (this figure is unaudited), there has been no material change in the capitalisation of Rabobank Ireland since December 31, 2003. Rabobank Ireland does not publish interim financial statements and as such capitalisation is described at December 31, 2003.

RABOBANK IRELAND PLC AND SUBSIDIARIES

Consolidated Balance Sheet⁽¹⁾

	At December 31,	
<i>(EUR in thousands)</i>	2003	2002
Assets		
Cash and balances at central banks	187,322	218,959
Central government bills and other eligible bills	999,728	1,605,608
Loans and advances to banks	8,652,924	5,634,081
Loans and advances to customers	6,613,133	7,440,020
Debt securities	3,991,733	3,537,003
Other investments	17,748	4,164
Tangible fixed assets	961	1,131
Other assets	1,568	510
Prepayments and accrued income	338,901	341,076
Finance lease receivables	3,970	9,419
	20,807,988	18,791,971
Liabilities		
Deposits by banks	13,470,424	11,557,614
Customer accounts	4,693,258	4,865,218
Debt securities in issue	1,455,012	1,194,010
Other liabilities	2,045	1,689
Accruals and deferred income	361,327	386,472
Provisions for other liabilities and charges	18,484	19,069
Subordinated Liabilities	230,000	230,000
	20,230,550	18,254,072
Capital and reserves		
Called up share capital	7,060	7,060
Capital contribution reserve	338,934	338,934
Profit and loss account	231,444	191,905
	577,438	537,899
Shareholders' funds	577,438	537,899
Total liabilities and shareholders' funds	20,807,988	18,791,971
Memorandum items		
Guarantees issued	253,552	408,615
Commitments	133,631	150,195

(1) The above balance sheet is an extract from Rabobank Ireland plc's statutory financial statements and not the full statutory financial statements which have been annexed to Rabobank Ireland plc's annual return, filed with the Registrar of Companies in Ireland and reported on by Rabobank Ireland plc's auditors without qualification.

RABOBANK IRELAND PLC AND SUBSIDIARIES

Consolidated Profit and Loss Account⁽¹⁾

	For the Year Ended December 31,	
<i>(EUR in thousands)</i>	2003	2002
Interest receivable and similar income	1,389,191	1,702,898
Interest payable and similar charges	(1,323,028)	(1,630,006)
Net interest income⁽²⁾	66,163	72,892
Fees and commissions receivable	4,345	2,069
Fees and commissions payable	(5,638)	(5,079)
Dealing profit	156	196
Operating income	65,026	70,078
Operating expenses	(11,811)	(11,161)
Operating profit – before provisions	53,215	58,917
Provision for credit risk	(12,159)	(20,920)
Profit on ordinary activities before tax	41,056	37,997
Tax on profit on ordinary activities	(1,517)	(2,291)
Retained profit for financial year attributable to equity shareholders⁽²⁾	39,539	35,706
Profit and loss account at beginning of year	191,905	156,199
Profit and loss account at end of year⁽³⁾	231,444	191,905

(1) The above profit and loss account is an extract from Rabobank Ireland plc's statutory financial statements and not the full statutory financial statements which have been annexed to Rabobank Ireland plc's annual return, filed with the Registrar of Companies in Ireland and reported on by Rabobank Ireland plc's auditors without qualification.

(2) Net interest income and profit after taxation are derived entirely from continuing operations.

(3) There were no recognised gains or losses in the financial year or the preceding financial year other than those shown above.

TAXATION

EU Savings Directive

The European Union has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

Taxation in the Netherlands

The following is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Dutch tax laws which could be of relevance to a holder of Notes. Prospective holders of Notes should therefore consult their tax advisor regarding the tax consequences of any purchase, ownership or disposal of Notes.

The following summary is based on the Dutch tax law, published case law, and tax practice as in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Withholding Tax

All payments made under a Note will not be subject to any withholding tax or any deduction for, or on account of, any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless *de iure* or *de facto* (*rechtens dan wel in feite*):

- (a) (i) one or more amount(s) to be paid under the Notes is or are contingent, in whole or in part, upon the amount of profits derived or distributed by, Rabobank Nederland or by an affiliate of Rabobank Nederland (*verbonden lichaam*); and
- (ii) the Notes do not have a specified final maturity date or have a final maturity date that falls on a date more than 10 years after the date of issue of the Notes; or
- (b) (i) one or more obligation(s) to make a payment under the Notes is or are contingent, in whole or in part, upon the amount of profits derived or distributed by, Rabobank Nederland or by an affiliate of Rabobank Nederland (*verbonden lichaam*); and
- (ii) the Notes do not have a specified maturity date or have a final maturity date that falls on a date more than 50 years after the date of issue of the Notes; and
- (iii) the Notes are subordinated.

Individual and Corporate Income Tax

A Noteholder will not be subject to any Dutch taxes on any payment made to such Noteholder under the Notes or on any capital gain made by such Noteholder from the disposal, or deemed disposal, or redemption of, the Notes, unless:

- (i) the Noteholder is a resident or is deemed a resident of the Netherlands, or, where the Noteholder is an individual, has opted to be taxed as a resident of the Netherlands; or
- (ii) the Noteholder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a holder of securities, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, as the case may be, to which the Note is attributable; or
- (iii) the Noteholder is an individual and has a substantial interest (*aanmerkelijk belang*), or a deemed substantial interest, in Rabobank Nederland or derives benefits from miscellaneous activities carried out in the Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; or
- (iv) the Noteholder is not an individual and has a substantial interest, or a deemed substantial interest, in Rabobank Nederland; which substantial interest is not part of the assets of an enterprise.

Generally, a Noteholder has a substantial interest if such Noteholder, such Noteholder's partner or certain other relatives, hold, alone or together, directly or indirectly, the ownership of, or certain rights over, shares representing five percent or more of the total issued and outstanding capital or the issued and outstanding capital of any class of shares of Rabobank Nederland. A Noteholder also has a substantial interest if such Noteholder holds (i) the rights to acquire shares, whether or not already issued, that represent at any time, and from time to time, five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares of Rabobank Nederland, or (ii) certain profit participating certificates that relate to five percent or more of the annual profit of Rabobank Nederland or to five percent or more of the liquidation proceeds of Rabobank Nederland. A deemed substantial interest is present if all or part of a substantial interest has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Gift Tax or Inheritance Tax

No Dutch gift tax or inheritance tax is payable in respect of any gift by, or inheritance on the death of, a Noteholder, unless:

- (i) the Noteholder is a resident or is deemed to be a resident of the Netherlands;
- (ii) at the time of the gift or the death of the Noteholder, such Noteholder has an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a Dutch permanent establishment or permanent representative to which the Note is attributable; or
- (iii) the Note is acquired by way of a gift from a holder who passes away within 180 days after the date of the gift and who is not at the time of the gift, but is at the time of the death of such holder, a resident or a deemed resident of the Netherlands.

Other Taxes

No Dutch capital tax, value added tax, or other tax or duty, is due by the Issuer in respect of the issue, acquisition or transfer of the Notes.

Residency

A Noteholder will not become a resident, or a deemed resident, of the Netherlands for tax purposes by reason only of the Noteholder's acquisition (by way of issue or transfer to it), holding or enforcement, of the Notes.

Taxation in Australia

The comments below are of a general nature and are based on provisions currently in force in Australia as at the date of this Offering Circular. They relate to the position of persons who are the beneficial owners of the Notes. The comments are not exhaustive and, in particular, do not deal with the position of certain classes of Noteholders (including, without limitation, custodians and other third parties who hold Notes on behalf of Australian residents or non-residents of Australia who carry on a trade or business at or through a permanent establishment in Australia). Noteholders should consult their own professional advisers in relation to the Australian taxation implications of acquiring, holding or disposing of the Notes in their own particular circumstances.

Australian withholding tax will not be payable on interest (or amounts in the nature of interest) paid on Notes issued by Rabo Australia or Rabobank Australia Branch to non-residents of Australia who do not derive that interest in carrying on business at or through a permanent establishment in Australia, or to Australian residents who derive that interest in carrying on a business at or through a permanent establishment outside Australia, if the requirements of section 128F of the Income Tax Assessment Act 1936 (the 'Tax Act') of Australia are complied with.

Interest (or an amount in the nature of interest) is exempt from Australian withholding tax under section 128F of the Tax Act if the Issuer of the Notes is either:

- (a) an Australian resident company at the time the Notes are issued and when the interest is paid; or
- (b) a non-resident company carrying on business at or through a permanent establishment in Australia at the time the Notes are issued and when the interest is paid

and the 'public offer' test is satisfied.

Broadly, the public offer test is satisfied if the Notes are issued as a result of being offered for issue:

- (a) to at least 10 persons each of whom:
 - (i) was carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and
 - (ii) is not known, or suspected, by Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) to be an associate (as defined in subsection (9) of section 128F of the Tax Act) of any of the other nine such persons; or
- (b) to at least 100 persons whom it is reasonable for Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) to regard as having acquired instruments similar to the Notes in the past or being likely to acquire instruments similar to the Notes in the future; or
- (c) as a result of being accepted for listing on a stock exchange, where Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) has entered into an agreement with the dealer, manager or underwriter in relation to the placement of the Notes requiring Rabo Australia or Rabobank Australia Branch respectively to seek such a listing; or
- (d) as a result of negotiations being initiated publicly in electronic form, or in another form, that is used by financial markets for dealing in instruments similar to the Notes; or
- (e) to a dealer, manager or underwriter in relation to the placement of the Notes who, under an agreement with Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) offered the Notes for sale within 30 days in a way covered by any of paragraphs (a) to (d) above.

In relation to the issue of a Global Note, the 'public offer' test will be satisfied if the Global Note falls within the definition of 'global bond' set out in subsection (10) of section 128F of the Tax Act. Broadly speaking, this will be the case if the following requirements are satisfied:

- (a) the Global Note describes itself as a global bond or a global note; and
- (b) it is issued to a clearing house (as defined in subsection (9) of section 128F of the Tax Act) or to a person as trustee or agent for, or otherwise on behalf of, one or more clearing houses; and
- (c) in connection with the issue of the Global Note, the clearing house or houses confer rights in relation to the Global Note on other persons and will record the existence of the rights; and
- (d) before the issue of the Global Note, Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) or a Dealer, in relation to the placement of debentures, on behalf of Rabo Australia or Rabobank Australia Branch respectively announces that, as a result of the issue, such rights will be able to be created; and
- (e) the announcement is made in a way or ways covered by any of subsections (3)(a) to (e) of section 128F of the Tax Act (reading a reference in those paragraphs to 'debenture' as if it were a reference to the rights referred to in paragraph (d) above and a reference to the 'company' as if it included a reference to the Dealer); and
- (f) under the terms of the Global Note, interests in the Global Note are able to be surrendered, whether or not in particular circumstances, in exchange for other debentures issued by Rabo Australia or Rabobank Australia Branch (whichever is applicable) that are not themselves Global Notes.

The public offer test is not satisfied if at the time of issue Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) knew, or had reasonable grounds to suspect, that:

- (a) the Note or an interest in the Note was being, or would later be, acquired directly or indirectly by an associate (as defined in subsection (9) of section 128F of the Tax Act) of Rabo Australia or Rabobank Australia Branch respectively;
- (b) either:
 - (i) the associate is a non-resident and the Note, or interest in the Note, was not being, or would not be, acquired by the associate in carrying on a business at or through a permanent establishment in Australia; or

- (ii) the associate is a resident of Australia and the Note, or interest in the Note, was being, or would be, acquired by the associate in carrying on a business at or through a permanent establishment in a country outside Australia; and
- (c) the Note or interest in the Note, was not being, or would not be, acquired by the associate in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (as defined in the Corporations Act 2001 of Australia).

The exemption in section 128F of the Tax Act does not apply to interest (or an amount in the nature of interest) paid by Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Notes) to a holder in respect of a Note, if Rabo Australia or Rabobank Australia Branch respectively was aware or had reasonable grounds to suspect, at the time of payment, that:

- (a) the holder is an associate (as defined in subsection (9) of section 128F of the Tax Act) of Rabo Australia or Rabobank Australia Branch respectively;
- (b) either:
 - (i) the associate is a non-resident and the payment is not received by the associate in respect of a Note that the associate acquired in carrying on a business at or through a permanent establishment in Australia; or
 - (ii) the associate is a resident of Australia and the payment is received by the associate in respect of a Note that the associate acquired in carrying on a business at or through a permanent establishment in a country outside Australia; and
 - (iii) the associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (as defined in the Corporations Act 2001 of Australia).

In certain circumstances, section 126 of the Tax Act imposes a type of withholding tax at the rate of 47 per cent. on the payment of interest on bearer notes (other than certain promissory notes) if the issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office. Where interests in the relevant Notes are held by persons through Euroclear and/or Clearstream, Luxembourg, Rabo Australia or Rabobank Australia Branch (whichever is applicable) intends to treat the operators of those systems as the holders of the relevant Notes for the purpose of section 126.

If Rabo Australia or Rabobank Australia Branch is compelled by law at any time to withhold or deduct an amount in respect of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any authority therein having the power to tax, it will, except as stated in the Notes, pay such additional amounts as will result in the payment to the Noteholders concerned of the sum which would otherwise have been payable on the Notes.

The Income Tax Assessment Act 1997 (also the 'Tax Act') of Australia imposes a further type of withholding (Foreign Resident Withholding) which broadly provides that a resident carrying on business in Australia must withhold an amount from certain payments (prescribed by regulation) paid to non-residents, unless an appropriate exemption applies. Foreign Resident Withholding does not apply to payments of interest for the purposes of Division 11A of the Tax Act. Noteholders should obtain their own specific advice as to the effect (if any) of the Foreign Resident Withholding provisions in respect of any other payments received in connection with the Notes.

Rabo Australia and Rabobank Australia Branch have been advised by their Australian counsel that, under current Australian law:

- (a) subject to compliance with the requirements of section 128F of the Tax Act referred to above, payments of principal and interest (or amounts in the nature of interest) to a holder of a Note who:
 - (i) is a non-resident of Australia;
 - (ii) during the taxable year has not carried on business at or through a permanent establishment within Australia; and
 - (iii) is not an associate (as defined in subsection (9) of section 128F of the Tax Act) of Rabo Australia or Rabobank Australia Branch (whichever is the applicable issuer of the Note) other than an associate who receives the payment in the capacity of a clearing house,

paying agent, custodian, funds manager or responsible entity of a registered scheme (as referred to above) or, if the holder is such an associate, Rabo Australia or Rabobank Australia Branch respectively did not know this or have reasonable grounds to suspect it,

will not be subject to Australian withholding tax or Australian income tax;

- (b) a holder of a Note who is a non-resident of Australia and who during the taxable year has not carried on business at or through a permanent establishment in Australia will not be subject to Australian income or capital gains tax on gains realised during that year on sale or redemption of the Note, provided that such gains do not have an Australian source and the Note was not used at any time by the holder in carrying on a business at or through a permanent establishment in Australia. A gain arising on the sale of a Note by a non-Australian resident holder to another non-Australian resident where the Note is sold outside Australia and all negotiations and documentation are conducted and executed outside Australia would not be regarded as having an Australian source;
- (c) the Notes will not be subject to death, estate or succession duties imposed by Australia or by any instrumentality thereof or therein, if held outside Australia, or by a non-resident, at the time of death; and
- (d) no *ad valorem* stamp duty nor issue registration or similar taxes are payable in Australia on the issue of the Notes or the transfer of the Notes provided that the Notes are executed and issued outside Australia and, if transferred, are transferred for full market value outside Australia.

Taxation in Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, announced budget measures and administrative guidelines issued by the Monetary Authority of Singapore in force as at the date of this Offering Circular and are subject to any changes in such laws, measures or guidelines, or the interpretation of such laws, measures or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither those statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling, or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes who are in doubt about their respective tax positions or any such tax implications of the purchase, ownership or transfer of Notes or who may be subject to tax in a jurisdiction other than Singapore should consult their professional advisers.

Singapore Interest Payments

Under tax laws currently effective in Singapore, payments falling within Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the 'Income Tax Act') (including interest and certain discount income) are deemed to be derived from Singapore where the payments are:

- (a) borne, directly or indirectly, by a person resident in Singapore (except in respect of a business carried on outside Singapore through a permanent establishment outside Singapore) or a permanent establishment in Singapore;
- (b) deductible against any income accruing in or derived from Singapore; or
- (c) income derived from loans where the funds provided by such loans are brought into or used in Singapore.

This is expected to apply to payments made by Rabobank Singapore Branch. Further, such payments where made to a person not known to be a resident in Singapore for tax purposes are subject to withholding tax in Singapore at a rate of 20 per cent. (effective from the Year of Assessment 2005). However, if the payment is due and payable on or after February 28, 1996, and is derived by a person not resident in Singapore from sources other than its trade, business, profession or vocation carried on or exercised in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the withholding tax rate is 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

The Minister for Finance has announced in the 2004 Budget an exemption from tax for certain Singapore-sourced investment income, including:

- (a) interest from debt securities; and
- (b) discount income (not including discount income from secondary trading), the tenure of which is one year or less,

derived by an individual on or after January 1, 2004, otherwise than through a partnership, and which is not considered as gains or profits from any trade, business or profession.

In addition, if the Dealers for more than half of the principal amount of a tranche of Notes issued under the Programme during the period from the date of this Offering Circular to December 31, 2008 are:

- (i) financial institutions who have been awarded 'Financial Sector Incentive (Bond Market Company)' status by the Minister for Finance of Singapore or such person as he may appoint; or
- (ii) financial institutions in Singapore,

such tranche of Notes ('Relevant Notes') would be 'qualifying debt securities' under the Income Tax Act.

If the Relevant Notes are 'qualifying debt securities':

- (a) interest on the Relevant Notes and discount income (not including discount income from secondary trading) on the Relevant Notes (tenure of which is one year or less) ('Relevant Discount Income') received by a holder who is not resident in Singapore and who does not have any permanent establishment in Singapore is exempt from Singapore tax. Non-residents who have permanent establishments in Singapore also have the benefit of this exemption, provided that they do not acquire the Relevant Notes using any funds from Singapore operations. Funds from Singapore operations means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;
- (b) subject to certain conditions having been fulfilled (including the submission of a return on debt securities to the Comptroller of Income Tax in Singapore (the 'Comptroller'), interest and Relevant Discount Income on the Relevant Notes received by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10 per cent.; and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest and Relevant Discount Income derived from the Relevant Notes is not exempt from tax shall include such interest and Relevant Discount Income in a return of income made under the Income Tax Act; and
 - (ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller a return on the debt securities within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require,

interest and Relevant Discount Income derived from the Relevant Notes is not subject to the withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (i) if during the primary launch of any tranche of Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50 per cent. or more of the principal amount of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as 'qualifying debt securities'; and
- (ii) even though a particular tranche of Relevant Notes are 'qualifying debt securities', if, at any time during the tenor of such tranche of Relevant Notes, 50 per cent. or more of the principal amount of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest and Relevant Discount Income derived from that tranche of Relevant Notes held by:
 - (a) any related party of the Issuer, or

- (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the withholding tax exemption or concessionary rate of tax of 10 per cent.

The term 'related party', in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments under the Notes without deduction or withholding of tax under Section 45(1) of the Income Tax Act, any person whose interest or discount income derived from the Notes is not exempt from tax is required under the Income Tax Act to include such interest in a return of income made under the Income Tax Act.

Capital Gains

Any gains in the nature of capital made from the sale of Notes will not be taxable in Singapore. However, any gains from the sale of Notes derived by a person as part of a trade or business carried on by that person may be taxable in Singapore as such gains are considered revenue in nature.

Taxation in the Republic of Ireland

The following comments are based on existing Irish tax law, including relevant regulations, administrative rules and practices, as in effect at the date of this Offering Circular, which may apply to investors who are the beneficial owners of the Notes issued by Rabobank Ireland. Each prospective purchaser should understand that future legislative, administrative and judicial changes could nullify the tax consequences described below. This summary is not exhaustive and prospective purchasers are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes.

Under existing Irish law with respect to Notes issued by Rabobank Ireland:

- (a) with respect to any interest paid on such Notes, provided that the interest is paid by Rabobank Ireland in the ordinary course of carrying on a bona fide banking business in Ireland and the beneficial owner of such interest is not resident in Ireland, all such payments made by Rabobank Ireland may be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by Ireland or any political sub-division or taxing authority thereof or therein. Rabobank Ireland confirms that all interest paid in respect of such Notes shall be paid in the ordinary course of carrying on a bona fide banking business in Ireland;
- (b) all other payments made by Rabobank Ireland under such Notes may also be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by Ireland or any political sub-division or taxing authority thereof or therein, provided the beneficial owner of such interest is not resident in Ireland;
- (c) an agent in Ireland that obtains payment of interest on Bearer Notes quoted on a recognized stock exchange on behalf of holders of such Notes is required to withhold income tax at the standard rate from such interest, unless the beneficial owner of such Notes is resident outside Ireland and has made a declaration in the form prescribed by the Irish Revenue Commissioners;
- (d) a holder of such Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish income or corporation tax on interest payments received in respect of such Notes where such interest is paid by Rabobank Ireland in the course of carrying on relevant trading operations within the meaning of Section 446 of the Irish Taxes Consolidation Act 1997. Where a holder's return on such Notes is by way of repayment at par of such Notes issued at a discount or by way of repayment at a premium, the Irish Revenue Commissioners have confirmed that where the discount/premium is received by a non-resident who does not carry on a business in Ireland through a branch or agency, such a holder of such Notes will likewise not be subject to Irish income or corporation tax on the amount of the discount/premium;
- (e) a holder of such Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which such Notes were used or held, will not be liable to Irish capital gains tax on the disposal of such Notes;
- (f) no Irish stamp duty will be payable on either the issue or transfer of such Notes, provided that in the case of a transfer, such transfer is by delivery and does not require a written instrument of transfer;

- (g) a gift or inheritance comprising of such Notes will not be subject to Irish gift or inheritance tax provided (i) the disponent and the donee/successor in relation to the gift or inheritance is not resident, ordinarily resident or domiciled in Ireland and (ii) such Notes are not Irish situate property. Any such Notes which are in bearer form will be regarded for Irish gift and inheritance tax purposes as being situated in the country in which such Note(s) is/are located at the date of the gift or the inheritance. Any such Notes in registered form will generally be regarded as situated in the place of registration.

Taxation in the United States

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). Except where otherwise expressly noted, all references to Notes in this summary refer only to Registered Notes issued by Rabobank Nederland. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Pricing Supplement will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. Dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term 'U.S. Holder' means a beneficial owner of Notes that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the 'Code'), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General

Interest on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a 'foreign currency'), other than interest on a 'Discount Note'

that is not 'qualified stated interest' (each as defined below under '— Original Issue Discount — General'), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by Rabobank Nederland on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under '— Original Issue Discount') generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ('OID'). The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event Rabobank Nederland issues contingent payment debt instruments the applicable Pricing Supplement will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a 'Short-Term Note'), will be treated as issued with OID (a 'Discount Note') if the excess of the Note's 'stated redemption price at maturity' over its issue price is equal to or more than a de minimis amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an 'instalment obligation') will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of 'qualified stated interest'. A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under '— Floating Rate Notes'), applied to the outstanding principal amount of the Note. Solely for purposes of determining whether a Note has OID, Rabobank Nederland will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ('accrued OID'). The daily portion is determined by allocating to each day in any 'accrual period' a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The 'adjusted issue price' of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (any such excess being 'acquisition premium') and that does not make the election described below under 'Election to Treat All Interest as Original Issue Discount' is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a 'Market Discount Note') if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's 'revised issue price', exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes 'de minimis market discount'. For this purpose, the 'revised issue price' of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note, and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the U.S. Internal Revenue Service (the "IRS"). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under '— Original Issue Discount — General,' with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium (described below under 'Notes Purchased at a Premium') or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under 'Market Discount' to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Floating Rate Notes

Notes that provide for interest at variable rates ('Floating Rate Notes') generally will bear interest at a 'qualified floating rate' and thus will be treated as 'variable rate debt instruments' under Treasury regulations governing accrual of OID. A Floating Rate Note will qualify as a 'variable rate debt instrument' if (a) its issue price does not exceed the total noncontingent principal payments due under

the Floating Rate Note by more than a specified de minimis amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A 'qualified floating rate' is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Floating Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An 'objective rate' is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of Rabobank Nederland (or a related party) or that is unique to the circumstances of Rabobank Nederland (or a related party), such as dividends, profits or the value of Rabobank Nederland's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of Rabobank Nederland). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Floating Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Floating Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Note's term. A 'qualified inverse floating rate' is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a 'current value' of that rate. A 'current value' of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a 'variable rate debt instrument', then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a 'variable rate debt instrument' will generally not be treated as having been issued with OID unless the Floating Rate Note is issued at a 'true' discount (i.e., at a price below the Note's stated principal amount) in excess of a specified de minimis amount. OID on a Floating Rate Note arising from 'true' discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

In general, any other Floating Rate Note that qualifies as a 'variable rate debt instrument' will be converted into an 'equivalent' fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Floating Rate Note. Such a Floating Rate Note must be converted into an 'equivalent' fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that qualifies as a 'variable rate debt instrument' and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Floating Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an 'equivalent' fixed rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an 'equivalent' fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the 'equivalent' fixed rate debt instrument by applying the general OID rules to the 'equivalent' fixed rate debt instrument and a U.S. Holder of the Floating Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the 'equivalent' fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the 'equivalent' fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

If a Floating Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a 'variable rate debt instrument', then the Floating Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Floating Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note, are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Fungible Issue

Rabobank Nederland may, without the consent of the Noteholders, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the

same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as ‘amortisable bond premium’, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also ‘— Original Issue Discount — Election to Treat All Interest as Original Issue Discount’.

Purchase, Sale and Retirement of Notes

A U.S. Holder’s tax basis in a Note will generally be its cost increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under ‘Original Issue Discount — Market Discount’ or ‘Original Issue Discount — Short-Term Notes’ or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Substitution of Issuer

The terms of the Notes provide that, in certain circumstances (as described above under ‘Terms and Conditions of the Notes — Meeting of the Noteholders, Modifications and Substitutions’), the obligations of Rabobank Nederland under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes) and the U.S. Holder’s tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. Dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Market Discount

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. Dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. Dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Sale or Retirement

As discussed above under "Purchase, Sale and Retirement of Notes", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. Dollar cost of the Note. The U.S. Dollar cost of a Note purchased with foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an

established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. Dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. Dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. Dollars) will be ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

Recently issued U.S. Treasury Regulations require a U.S. taxpayer that participates in a 'reportable transaction' to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. In the event the acquisition, holding or disposition of Notes constitutes participation in a 'reportable transaction' for purposes of these rules, a U.S. Holder may be required to disclose its investment by filing Form 8886 with the IRS. In addition, the Issuer and its advisers may be required to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of Restricted Notes issued by Rabobank Nederland pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Notes for its own account or for the account of a qualified institutional buyer and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
- (2) It understands that such Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands that such Notes, unless otherwise determined by the relevant Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE 'SECURITIES ACT') OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) Rabobank Nederland, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (5) It understands that the Notes offered in reliance on Rule 144A will be represented by one or more Restricted Global Certificates. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (6) Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such purchaser and those persons, if any, retained to advise such purchaser with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the relevant Issuer, is prohibited.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution

compliance period (as used in 'Plan of Distribution'), by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate.
- (2) It understands that such Notes and the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or in the case of Notes issued by Rabobank Nederland, in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer in each case in accordance with any applicable securities laws of any State of the United States.
- (3) The relevant Issuer, the Guarantor, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (4) It understands that the Notes offered in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Certificate representing Notes issued by Rabobank Nederland may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

PLAN OF DISTRIBUTION

Summary of Distribution Agreement

Subject to the terms and on the conditions contained in an amended and restated Distribution Agreement dated October 7, 2003 (the 'Distribution Agreement') as supplemented by a first supplemental distribution agreement dated October 15, 2004 as further amended or supplemented as at the Issue Date, between the Issuers, the Guarantor, the Permanent Dealers (as defined in the Distribution Agreement) and the Arranger, the Notes will be offered by the Issuers to the Permanent Dealers. However, each Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuers through the Dealers, acting as agents of the Issuers. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Each of the Issuers, failing whom (where relevant) the Guarantor, will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Each of the Issuers, failing whom (where relevant) the Guarantor, has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

Each Issuer of Notes, failing whom (where relevant) the Guarantor, has agreed to indemnify the Dealers in respect of such issue of Notes against certain liabilities in connection with the offer and sale of such Notes, including liability under the Securities Act, and to contribute for payments that such Dealers may be required to make in respect thereof. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Summary of COINs Distribution Agreement

Subject to the terms and on the conditions contained in the Distribution Agreement as supplemented by a COINs underwriting agreement dated February 6, 2004 (the 'COINs Underwriting Agreement' and together with the Distribution Agreement and as further amended, supplemented and/or restated from time to time, the 'COINs Distribution Agreement'), to be entered into between Rabobank Nederland, the Guarantor and the COINs Dealers, the COINs Dealers have agreed with Rabobank Nederland a basis on which it may from time to time agree to subscribe or procure subscribers for COINs.

Rabobank Nederland will pay each relevant COINs Dealer a commission as agreed between them in respect of Notes subscribed by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

Rabobank Nederland has agreed to indemnify the COINs Dealers in respect of such issue of COINs against certain liabilities in connection with the offer and sale of such COINs, including liability under the Securities Act, to contribute for payments that such COINs Dealers may be required to make in respect thereof. The COINs Distribution Agreement entitles the COINs Dealers to terminate any agreement that they make to purchase COINs in certain circumstances prior to payment for such COINs being made to the relevant Issuer.

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Issuer, by the relevant Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and only in accordance with Rule 903 of Regulation S or (in the case of Notes issued by Rabobank Nederland) Rule 144A under the Securities Act. Each Dealer has further agreed that it will have sent to each dealer to which it sells Notes (other than a sale of Notes issued by Rabobank Nederland pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of an offering of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Distribution Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes issued by Rabobank Nederland within the United States only to qualified institutional buyers pursuant to Rule 144A.

Each purchaser of Restricted Notes that have not been registered under the Securities Act is hereby notified that the offer and sale of such Restricted Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Each purchaser of Restricted Notes pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed that it is a qualified institutional buyer, that it is aware that the sale to it is being made in reliance on Rule 144A and that it is acquiring the Notes for its own account or for the account of a qualified institutional buyer. See 'Transfer Restrictions'.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (1) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (2) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Relevant Issuer;

- (3) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Relevant Issuer or the Guarantor; and
- (4) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that no Notes (other than Notes having a denomination equal to or in excess of Euro 50,000 (or its equivalent in any other currency)) issued under the Programme shall, if the prohibition referred to in article 3 of the Dutch Act on the Supervision of the Securities Trade 1995 (as amended and/or restated from time to time) ('*Wet toezicht effectenverkeer 1995*') (the 'Dutch Securities Act') applies, be offered, sold, delivered or transferred, and no such offer of the Notes has been or will be announced, unless (i) another exemption as referred to in the Exemption Regulation 1995 (as amended and/or restated from time to time) based on the Act ('*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*') from the above prohibition applies and the requirements of such exemption are fully complied with or (ii) the Netherlands Authority for the Financial Markets has, upon request, granted an individual dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.

Pursuant to the Netherlands Savings Certificates Act ('*Wet inzake spaarbewijzen*' or the 'Savings Certificates Act') of May 21, 1985, any transfer or acceptance of Notes which fall within the definition of savings certificates ('*spaarbewijzen*') in the Savings Certificates Act is prohibited unless the transfer and acceptance is done through the mediation of either the relevant Issuer or a member of Euronext Amsterdam N.V. ('Member'). The aforesaid prohibition does not apply (i) to a transfer and acceptance by natural persons not acting in the course of their business of profession and (ii) to the issue of Notes qualifying as savings certificates to the first holders thereof. In addition, pursuant to the Savings Certificates Act, certain identification requirements in relation to the issue of, transfer of or payment on Notes qualifying as savings certificates have to be complied with. The Savings Certificates Act is not applicable to the issue and trading of Notes qualifying as savings certificates, if such Notes are physically issued outside the Netherlands and are not distributed within the Netherlands in the course of primary trading immediately thereafter.

Australia

This Offering Circular has not and no prospectus or other disclosure document in relation to the Programme or the Notes has been lodged with the Australian Securities and Investments Commission. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that, and unless the relevant Pricing Supplement or supplement to this Offering Circular otherwise provides, in connection with the primary distribution of the Notes, it:

- (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia) and
- (b) has not distributed or published, and will not distribute or publish, the Offering Circular or any other offering material or advertisement relating to the Notes in Australia,

unless (i) the minimum aggregate consideration payable by each offeree is at least AUD 500,000 (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 (Cth), and (ii) such action complied with all applicable laws and regulations.

In addition each Dealer has agreed that, in connection with the primary distribution of the Notes, it will not sell Notes to any person who has been notified in writing by Rabo Australia or Rabobank Australia Branch, respectively, to be an associate of Rabo Australia or Rabobank Australia Branch, respectively, the acquisition of a Note by whom would cause Rabo Australia or Rabobank Australia Branch, respectively, to fail to satisfy the public offer test in section 128F of the Australian Tax Act as a result of section 128F(5) of the Income Tax Assessment Act 1936 of Australia.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes, nor has it made and nor will it make, any Notes the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the 'SFA'), (b) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Ireland

In relation to each Tranche of Notes, each Dealer subscribing for or purchasing such Notes has represented to and agreed with, or will represent to and agree with, Rabobank Ireland, the Guarantor and each other such Dealer (if any) that, with respect to Notes issued by Rabobank Ireland:

- (i) for so long as part III of the Companies Act, 1963 of Ireland (the '1963 Act') remains in force in relation to such Notes or any successor legislation is in effect which would or might apply to offers of such Notes, it will not offer or sell any such Notes in Ireland or elsewhere except in circumstances where such Notes have a maximum maturity of five years or less from the date of issue and such Notes are only offered to persons whose ordinary business is to buy or sell shares or debentures as principal or agent and that it has complied with, and will comply with, all applicable provisions of the 1963 Act with respect to anything done by it in relation to such Notes;
- (ii) for so long as the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland (the '1992 Regulations') or any successor legislation is in effect which would or might affect offers of such Notes, any such offer shall be, or such Notes shall be, of the type described in Article 2 of Council Directive 89/298/EEC applied in Ireland by the 1992 Regulations; and
- (iii) It will not knowingly offer for sale such Notes to an Irish resident or ordinarily resident person and it will not distribute or cause to be distributed in Ireland any offering material in connection with such Notes provided however that subject to (i) and (ii) above this shall not prohibit the Dealers from selling or offering Notes, or distributing offering material in connection with such Notes, to an Irish resident or ordinarily resident person where (a) the Notes are listed on a stock exchange and constitute 'debts on a security' for the purpose of Irish taxation, (b) that person is a person falling within paragraphs (i) to (vi) of (a) in the definition of relevant deposit in Section 256 of the Irish Taxes Consolidation Act 1997 and is acquiring the Notes beneficially for its own account or (c) the Notes have a maturity of two years or less and have a minimum denomination of Euro 500,000 in the case of an instrument denominated in Euro, US\$500,000 in the case of an instrument denominated in US Dollars or, in the case of an instrument denominated in a currency other than Euro or US Dollars, the equivalent in that other currency of Euro 500,000.

With respect to Notes issued by any Issuer other than Rabobank Ireland, each Dealer has represented and agreed that:

- (i) for so long as the 1963 Act or any successor legislation is in effect and would or might apply to such Notes, it has not offered or sold and will not offer or sell any such Notes in Ireland other than to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) or otherwise in circumstances which do not constitute an offer to the public within the meaning of the 1963 Act;
- (ii) for so long as the 1992 Regulations or any successor legislation is in effect which would or might apply to offers of such Notes in Ireland, any such offers shall be, or such Notes shall be, of the type described in Article 2 of Council Directive 89/298/EEC applied in Ireland by the 1992 Regulations; and
- (iii) with respect to any such Notes having an original maturity of less than one year it will offer or sell such Notes in Ireland only where the Issuer has previously advised it in writing that (a) the Issuer is authorised to carry on banking business in Ireland or (b) the offer or sale of such Notes would not require it to be so authorised.

Each Dealer has confirmed that it has not and will not do anything in connection with the Notes (whether issued by Rabobank Ireland or any other Issuer) which might constitute a breach of Sections 9(1), 23(1) or 23(7) of the Investment Intermediaries Act 1995 of Ireland.

Republic of France

Each of the Dealers and the Issuer has represented, warranted and agreed that, in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and (ii) offers and sales of Notes in the Republic of France will be made in accordance with Articles L.411-1 and L.411-2 of the French *Code Monétaire et financier* only to qualified investors as defined and Decree no 98-880 dated October 1, 1998 relating to offers to qualified investors.

In addition, each of the Dealers and the Issuer has represented, warranted and agreed that it has not distributed or caused to be distributed, and will not distribute or cause to be distributed in the Republic of France, the Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described above.

Germany

The Notes have not been and will not be publicly offered in Germany and, accordingly, no securities sales prospectus (Verkaufsprospekt) for a public offering of the Notes in Germany in accordance with the Securities Sales Prospectus Act of 9 September 1998, as amended (*Wertpapier-Verkaufsprospektgesetz*, the 'Prospectus Act'), has been or will be published or circulated in the Federal Republic of Germany. Each Dealer has represented and agreed that it has only offered and sold and will only offer and sell the Notes in the Federal Republic of Germany in accordance with the provisions of the Prospectus Act and any other laws applicable in the Federal Republic of Germany governing the issue, sale and offering of securities. Any resale of the Notes in the Federal Republic of Germany may only be made in accordance with the provisions of the Prospectus Act and any other laws applicable in the Federal Republic of Germany governing the sale and offering of securities.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the 'Securities and Exchange Law'). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, 'resident of Japan' means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Selling Restrictions applicable only to COINs

Austria

No prospectus has been or will be published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Each COINs Dealer has represented and agreed and each further COINs Dealer appointed under the Programme will be required to represent and agree that it has not and will not, directly or indirectly, make a public offer of any Notes in Austria and in case it does so it shall be its own responsibility to comply with the Capital Markets Act and any other laws, ordinances or regulations governing the offer and sale of the Notes in Austria.

Belgium

This Offering Circular and related documents are not intended to constitute a public offer in Belgium. The Belgian Banking and Finance Commission has not reviewed nor approved this document or commented on its accuracy or adequacy or recommended or endorsed the purchase of Notes.

Each COINs Dealer has represented and agreed and each further COINs Dealer appointed under the Programme will be required to represent and agree that it will not:

- (i) offer Notes in Belgium unless this is done in accordance with articles 1 and 2 of the Royal Decree of 7th July 1999 or to persons who subscribe to a minimum amount of EUR 250,000 each or to Qualifying Institutional Investors acting for their own account and listed in article 3, 2 of the Royal Decree of 7th July 1999;
- (ii) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian law of 14 July 1991 on consumer protection and trade practices unless such sale is made in compliance with the Belgian law of 14 July 1991 on consumer protection and trade practices and with its implementing legislation.

Denmark

This Offering Circular has not been filed with or approved by the Danish Securities Council or any other regulatory authority in Denmark.

The Notes have not been offered and sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with chapter 12 of the Danish Act on Trading in Securities and the Danish Executive Order No. 166 of 13 March 2003 on the First Public Offer of Certain Securities issued pursuant hereto as amended from time to time.

Finland

The Notes may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Notes may not be offered or sold, directly or indirectly, to the public in the Republic of Finland as defined in the Securities Market Act of 1989. In connection with the issue and offer of Notes, this Offering Circular may not be distributed in the Republic of Finland, other than to (i) a limited number of pre-selected investors or (ii) to an unlimited number of investors provided that the Notes can either be acquired only for a consideration of not less than EUR 40,000 or in denominations of not less than EUR 40,000, or that the total subscription price of the Notes does not exceed EUR 40,000, wherefore the offer of the Notes does not constitute a public offer as defined in the Finnish Securities Market Act. Each COINs Dealer has undertaken and each further COINs Dealer appointed under the Programme will be required to undertake not to offer or sell Notes in the Republic of Finland other than in compliance with the above requirements.

Luxembourg

Each COINs Dealer has represented and agreed and each further COINs Dealer appointed under the Programme will be required to represent and agree that the Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except for the sole purpose of the listing of the Notes on the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities.

Republic of Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the Financial Services Act) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the Banking Act), as amended; and

- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, inter alia, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) In accordance with any other applicable laws and regulations.

Sweden

Notes may not lawfully be offered or sold to persons in Sweden except in circumstances which do not result in an offer to an 'open circle' of investors in Sweden as set out in the Financial Instruments Trading Act 1991 (*lagen (1991: 980) om handel med finansiella instrument*) and the Regulations issued under the authority of that Act by the Swedish Financial Supervisory Authority (*Finansinspektionen*) or otherwise in compliance with the Act and any such Regulations. Consequently, neither this Offering Circular nor any Pricing Supplement would be required to be approved by or registered with the Financial Supervisory Authority; and no such approval or registration has been sought or obtained.

GENERAL INFORMATION

1. In connection with the application to list the Notes under the Programme on the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and copies of the Articles of Association of Rabobank Nederland and the constitution of Rabo Australia and the Memorandum and Articles of Association of Rabobank Ireland will be deposited with the Registre de Commerce et des Sociétés à Luxembourg where such documents may be examined and copies may be obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12077 for listing purposes.
2. Each of the Issuers has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the Guarantee. The update, amendment to the Programme, and the increase of the programme amount was authorised by:
 - (i) Rabobank Nederland (in its capacity as both Issuer and Guarantor), Rabobank Australia Branch and Rabobank Singapore Branch by a resolution of the Executive Board passed on October 27, 2003, by a resolution of the Supervisory Board passed on November 27, 2003 and by a Secretary's Certificate dated October 11, 2004;
 - (ii) Rabo Australia Limited by a resolution of the Board of Directors passed on October 15, 2004
 - (iii) Rabobank Ireland by a resolution of the Board of Directors passed on October 13, 2004;
3. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuers, the Guarantor or the Group since June 30, 2004 and no material adverse change in the financial position or prospects of the Issuers, the Guarantor or the Group since December 31, 2003.
4. Neither the Issuers, the Guarantor nor the Group is involved in any litigation or arbitration or other proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as any of the Issuers or the Guarantor is aware is any such litigation or arbitration or other proceedings involving any of them pending or threatened.
5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: 'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code'.
6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. In addition, Rabobank Nederland will make an application with respect to any Restricted Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Restricted Notes of each Tranche of a Registered Series issued by Rabobank Nederland will be confirmed in the applicable Pricing Supplement. The Common Code, the International Securities Identification Number (ISIN), the Committee on the Uniform Security Identification Procedure (CUSIP) number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
7. So long as any of the Notes are outstanding the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Paying Agent in Luxembourg:
 - (i) the Distribution Agreement (as amended and supplemented from time to time);
 - (ii) the Agency Agreement (as amended and supplemented from time to time) relating to the Programme (which includes the form of the Global Notes, the Definitive Notes, the Certificates and the Coupons, Talons and Receipts relating to Bearer Notes);
 - (iii) the Articles of Association of Rabobank Nederland;
 - (iv) the constitution of Rabo Australia;
 - (v) the Memorandum and Articles of Association of Rabobank Ireland; and
 - (vi) the COINs Underwriting Agreement
8. Copies of the latest annual consolidated and non-consolidated accounts of Rabobank Nederland, the latest unaudited consolidated half-yearly interim accounts of Rabobank Nederland and the latest Offering Circular (together with any supplement changes) and the Pricing Supplement may be obtained, and copies of the Agency Agreement and the Covenant will be available for inspection, at the specified offices of each of the Paying Agents and Transfer Agents during normal business hours,

so long as any of the Notes is outstanding. Copies of the latest annual consolidated accounts of Rabo Australia and Rabobank Ireland may be obtained free of charge at the specified offices of each of the Paying Agents and Transfer Agents during normal business hours, so long as any of the Notes is outstanding. Neither Rabobank Australia Branch nor Rabobank Singapore Branch publishes annual accounts. Neither Rabobank Australia Branch, Rabobank Singapore Branch, Rabo Australia nor Rabobank Ireland publishes interim accounts or non-consolidated accounts.

9. Ernst & Young Accountants have audited, and issued unqualified audit reports, on the accounts of Rabobank Nederland for the years ended December 31, 2003, 2002 and 2001. Ernst & Young have audited, and issued unqualified reports on, the accounts of Rabo Australia for the years ended December 31, 2003, 2002 and 2001. KPMG Chartered Accountants have audited, and issued unqualified reports on, the accounts of Rabobank Ireland for the years ended December 31, 2003, 2002 and 2001.

10. Rabobank Nederland will comply with article 2.1.20 of Schedule B to the Listing and Issuing Rules of Euronext Amsterdam N.V.

FORM OF PRICING SUPPLEMENT

[The Pricing Supplement that will be issued in respect of each Tranche may include some or all of the following provisions to the extent relevant in the context of the particular Tranche.]

This Pricing Supplement, under which the Notes described herein (the 'Notes') are issued, contains the final terms of the Notes and must be read in conjunction with, the Offering Circular (the 'Offering Circular') dated October 15, 2004, issued in relation to the Euro 60,000,000,000 Global Medium-Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Singapore Branch, Rabo Australia Limited and Rabobank Ireland plc, guaranteed in respect of Notes issued by Rabo Australia Limited and Rabobank Ireland plc by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. Each Issuer (in relation to itself) and the Guarantor (in relation to each Issuer and itself) accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

In the event of inconsistency between the Offering Circular and this Pricing Supplement, the terms set out in this Pricing Supplement shall be decisive.

[This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the Euro 60,000,000,000 Global Medium-Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Singapore Branch, Rabo Australia Limited and Rabobank Ireland plc, guaranteed in respect of Notes issued by Rabo Australia Limited, and Rabobank Ireland plc by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland).]

[In conformity with article 14.1 of the Listing Procedure Rules ('Reglement Procedure Beursnotering') of Euronext Amsterdam N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) in its capacity as Amsterdam Listing Agent has not made a due diligence investigation with respect to the Offering Circular pursuant to the Listing Procedure Rules.]⁽¹⁾

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

[Set out any additions or variations to the selling restrictions.]

[[Except as disclosed in this document, there]⁽²⁾/There has been no significant change in the financial or trading position of the Issuer[, the Guarantor or of the Group] since [date of latest audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer[, the Guarantor or of the Group] since [date of latest published annual accounts]].

[A copy of this Pricing Supplement has been filed with the Netherlands Authority for the Financial Markets.]⁽³⁾

[In connection with this issue, [insert name of stabilising manager] (the 'Stabilising Agent')⁽⁴⁾ or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a higher level than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]⁽⁵⁾

(1) Delete if the Notes are not listed on the Official Segment of the Stock Market of Euronext Amsterdam.

(2) N.B. Include this text where there is a disclosure of a significant change in the financial or trading position of the Issuer, the Guarantor (if applicable) or the Group or a material adverse change in the financial position or prospects of the Issuer, the Guarantor (if applicable) or the Group. If any such change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplement Offering Circular rather than in a Pricing Supplement.

(3) Delete if the Notes are not listed on the Luxembourg Stock Exchange and the laws of the Netherlands do not otherwise require such filing to take place.

(4) If the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam, the Stabilising Agent must be a Member of Euronext Amsterdam.

(5) Delete if there is no Stabilising Agent.

[The stabilisation will in any event terminate after a period of 30 days after the date payment must be made on the Notes [and must be brought to an end after a limited period].]⁽¹⁾

[Include whichever of the following apply or specify as 'Not Applicable' (N/A). Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1. (i) Issuer:
- (ii) [Guarantor:
2. (i) Series Number:
- (ii) [Tranche Number:
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]
3. Specified Currency or Currencies:
4. Aggregate Nominal Amount:
 - (i) Series:
 - (ii) [Tranche:
5. (i) Issue Price: per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
 - (ii) [Net proceeds: (Required only for listed issues)]
6. Specified Denominations⁽²⁾:
7. (i) Issue Date:
 - (ii) [Interest Commencement Date (if different from the Issue Date):
8. Maturity Date: *[specify date (or indicate if Notes are perpetual) or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Domestic Note: (if Domestic Note, there will be nongross-up for withholding tax) [No/Yes]
10. Interest Basis: per cent. Fixed Rate]
 [specify reference rate] +/- per cent. Floating Rate]
 Zero Coupon]
 Index Linked Interest]
 Other (specify)]

(1) Delete if the Notes are not listed on the Official Segment of the Stock Market of Euronext Amsterdam.

(2) Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

11. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
12. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
13. Put/Call Options: [Put]
[Call]
[[further particulars specified below]]
14. (i) Status of the Notes: [Senior/[Dated/Perpetual¹]/Subordinated]
(ii) [Status of the Guarantee: [Senior/[Dated/Perpetual²]/Subordinated]]
15. Listing: [Luxembourg/Other (specify)/None]
16. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year *[adjusted in accordance with Condition 8(h) [specify any applicable Business Centre(s) for the definition of 'Business Day']/not adjusted]*
- (iii) Fixed Coupon Amount[(s)]: [●] per [●] in nominal amount
- (iv) Broken Amount: *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction (Condition 1(a)): [●]
(Consider if day count fraction for euro denominated issues should be on an Actual/Actual-ISDA or Actual/Actual-ISMA basis)
- (vi) Determination Date(s) (Condition 1(a)): [●] in each year *[Insert regular interest payment dates ignoring issue date or maturity date in the case of a long or short first or last coupon]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

(1) Please add appropriate provisions to terms and conditions if included.

(2) Add the following language if Board (or similar) authorisation is required for the particular tranche of notes or related guarantee: 'Date [Board] approval for issue of Notes [and Guarantee] obtained; [●] [and [●] respectively]'.

18. Floating Rate Provisions

	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Interest Period(s)	[●]
(ii) Specified Interest Payment Dates:	[●]
(iii) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(iv) Business Centre(s) (Condition 1(a)):	[●]
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
(vi) Interest Period Date(s):	[Not Applicable/specify dates]
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):	[●]
(viii) Screen Rate Determination (Condition 1(a)):	
– Relevant Time:	[●]
– Interest Determination Date:	[●] [TARGET] Business Days in [specify city] for [specific currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
– Primary Source for Floating Rate:	[Specify relevant screen page or 'Reference Banks']
– Reference Banks (if Primary Source is 'Reference Banks'):	[Specify four]
– Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark – specify if not London]
– Benchmark:	[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
– Representative Amount:	[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
– Effective Date:	[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
– Specified Duration:	[Specify period for quotation if not duration of Interest Accrual Period]
(ix) ISDA Determination (Condition 1(a)):	
– Floating Rate Option:	[●]
– Designated Maturity:	[●]
– Reset Date:	[●]
– ISDA Definitions: (if different from those set out in the Conditions)	[●]
(x) Margin(s):	[+/-] [●] per cent. per annum
(xi) Minimum Rate of Interest:	[●] per cent. per annum

(xii) Maximum Rate of Interest:	[●] per cent. per annum
(xiii) Day Count Fraction (Condition 1(a)):	[●]
(xiv) Rate Multiplier:	[●]
(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19. Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Amortisation Yield (Condition 7(b)):	[●] per cent. per annum
(ii) Day Count Fraction (Condition 1(a)):	[●]
(iii) Any other formula/basis of determining amount payable:	[●]
20. Index Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Index/Formula:	[Give or annex details]
(ii) Calculation Agent responsible for calculating the interest due:	[●]
(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
(iv) Interest Period(s):	[●]
(v) Specified Interest Payment Dates:	[●]
(vi) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
(vii) Business Centre(s) (Condition 1(a)):	[●]
(viii) Minimum Rate of Interest:	[●] per cent. per annum
(ix) Maximum Rate of Interest:	[●] per cent. per annum
(x) Day Count Fraction (Condition 1(a)):	[●]
21. Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
(iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable:	[●]
(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]
(v) Day Count Fraction (Condition 1(a)):	[●]

PROVISIONS RELATING TO REDEMPTION

22. Call Option

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per note of [●] specified denomination
- (iii) If redeemable in part: [●]
 - (a) Minimum nominal amount to be redeemed: [●]
 - (b) Maximum nominal amount to be redeemed:
- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Issuer's option: [●]
- (vi) Notice period [●]

23. Put Option

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per note of [●] specified denomination
- (iii) Option Exercise Date(s): [●]
- (iv) Description of any other Noteholders' option: [●]
- (v) Notice period [●]

24. Final Redemption Amount

[[●] per note of [●] specified denomination/
Other/See Appendix]

25. Early Redemption Amount

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 7(c)) or an event of default (Condition 11) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates(Condition 7(c)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 8(f)): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:

[Bearer Notes/Exchangeable Bearer Notes/
Registered Notes]

[Delete as appropriate]

- (i) Temporary or permanent Global Note/Certificate: exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate] [temporary Global Note/Certificate exchangeable for Definitive Notes/ Certificates on [●] days' notice] [permanent Global Note/Certificate exchangeable for Definitive Notes/ Certificates on [●] days' notice/at any time/ in the limited circumstances specified in the permanent Global Note/Certificate]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
27. Financial Centre(s) (Condition 8(h)) or [Not Applicable/The first sentence of Condition 8(h) shall be deemed to be deleted and replaced with the following: If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day, unless it would thereby fall into the next calendar month, in which event such date for payment shall be brought forward to the immediately preceding business day, nor to any interest or other sum in respect of such early or postponed payment⁽¹⁾/Give details. [Note that this item relates to date and the place of payment, and not interest period end dates, to which items 18(iv) and 20(vii) relate]]
[other special provisions relating to payment dates:]
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
30. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
31. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●] annexed to this Pricing Supplement] apply]
32. Consolidation provisions: [Not Applicable/The provisions [in Condition [●] [annexed to this Pricing Supplement] apply]

(1) Include text for Modified Following Fixed Rate Notes.

33. Other terms or special conditions:⁽¹⁾

[Not Applicable/So long as Bearer Notes are represented by a permanent Global Note and the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, notwithstanding Condition 15, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders. Any notice thus delivered to that clearing system shall be deemed to have been given to the Noteholders on the day on which that notice is delivered to the clearing system./Other (specify)]

DISTRIBUTION

34. (i) If syndicated, names of Managers:

[Not Applicable/give names]

(ii) Stabilising Manager (if any):

[Not Applicable/give names]

(iii) Dealer's Commission:

[●]

35. If non-syndicated, name of Dealer:

[Not Applicable/give name]

[If the sole Dealer in respect of Notes issued by Rabobank Nederland is Rabobank International, Rabobank International will not subscribe for the Notes, but will act as agent for the placement of Notes. Such Notes will be deemed to be issued at the time when the Notes are transferred from Rabobank International to the subscriber and Rabobank International receives funds from the subscriber on behalf of Rabobank Nederland.]

36. Additional selling restrictions:

[Not Applicable/give details]

37. Costs of Issue

[Not Applicable/Applicable if unlisted Notes are offered in the Netherlands]

(i) Costs borne by purchaser of Notes:

[Give details]

(ii) Commissions paid to intermediaries:

[Give details]

(iii) Other costs:

[Give details]

38. Subscription period

[Give details / Not Applicable]

OPERATIONAL INFORMATION

39. ISIN Code:

[●]

40. Common Code:

[●]

41. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant number(s)

[Not Applicable/give name(s) and number(s)]

(i) The Depository Trust Company

[Rabobank Nederland only – CUSIP Number]

(1) If full terms and conditions are to be used, please add the following here:

'The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.'

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the pricing supplement.

42. Delivery: Delivery [against/free of] payment
43. The Agents appointed in respect of the Notes are: [●]

GENERAL

44. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 12(a): [Not Applicable/give details]
45. The aggregate principal amount of Notes issued has been translated into Euro at the rate of [●], producing a sum of (for Notes not denominated in Euro): [Not Applicable/[Euro ●]]
46. In the case of Notes listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V.:
- (i) Listing: [The Issuer undertakes to comply with the provisions (as far as applicable) of Appendix VII and Schedule B, under 2.1.20 of the Listing and Issuing Rules of Euronext Amsterdam N.V. as in force on the Issue Date]
 - (ii) Numbering and letters: The Notes will be numbered from 1 onwards and in the denominations of [currency/amount] and [currency/amount] and will be preceded by the letters [A, AV, AX, AM, AF]
 - (iii) Whether CF-Form Notes will be issued: [Yes/No]
 - (iv) Numbering and letters of CF-Form Notes: The CF-Form Notes will be numbered from 1 onwards and in the denominations of [currency/amount] and [currency/amount] and will be preceded by the letters [FA, FV, FX, FM, FF]
 - (v) Net proceeds: The net proceeds of the issue of the Notes amount to approximately [currency/amount]
 - (vi) Amsterdam Listing Agent: Rabobank Nederland
 - (vii) Amsterdam Paying Agent: Rabo Securities N.V.
 - (viii) Notices: In addition to Condition 15, notices will be published in the Euronext Official Daily List ('Daily Official List') of Euronext Amsterdam N.V. and a daily newspaper of general circulation in the Netherlands
47. Effective yield at Issue Price⁽¹⁾: [Not Applicable/[●]]
48. Date of Pricing Supplement: [●]
49. Date of Base Offering Circular: [●]

(1) Required only in case of Notes listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V. and in case of unlisted Notes offered to retail investors in compliance with the 'Wet toezicht effectenverkeer 1995'.

[Where interest or discount is derived from any Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available under Section 13(1)(a) of the Income Tax Act, Chapter 134 of Singapore for certain interest and discount income shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest or discount derived from the Notes is not exempt from tax shall include such interest in a return of income made under the Income Tax Act, Chapter 134 of Singapore.](¹)

[Rabobank Singapore Branch, as issuer of the Notes, is subject to restrictions on the acceptance of deposits in Singapore dollars. The Notes do not constitute or evidence a debt repayable by Rabobank Singapore Branch on demand to the Noteholder. The Noteholder may recover the principal sum from Rabobank Singapore Branch to the Terms and Conditions of the Notes as set out in the Offering Circular. The value of the Notes, if sold on the secondary market, is subject to the market conditions prevailing at the time of the sale.](²)

Signed on behalf of the Issuer:

By:

Duly authorised

[Signed on behalf of the Guarantor:

By:

Duly authorised]

(1) To be inserted when the Notes are 'qualifying debt securities' under the Income Tax Act, Chapter 134 of Singapore and the Notes are issued by Rabobank Singapore Branch.

(2) To be inserted when the Notes are issued by Rabobank Singapore Branch, denominated in Singapore dollars, issued to sophisticated investors (as defined in the Guidelines for Operation of Wholesale Banks issued by the Monetary Authority of Singapore) or their nominees and Rabobank Singapore Branch reasonably expects or foresees that the Notes will not be held at all times by persons who are sophisticated investors.

FORM OF COINS PRICING SUPPLEMENT

[The Pricing Supplement that will be issued in respect of each Tranche of COINs may include some or all of the following provisions to the extent relevant in the context of the particular Tranche of COINs.]

This Pricing Supplement, under which the Notes described herein (the 'Notes') are issued, contains the final terms of the Notes and must be read in conjunction with, the Offering Circular (the 'Offering Circular') dated October 15, 2004, issued in relation to the Euro 60,000,000,000 Global Medium-Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Singapore Branch, Rabo Australia Limited and Rabobank Ireland plc, guaranteed in respect of Notes issued by Rabo Australia Limited and Rabobank Ireland plc by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

In the event of inconsistency between the Offering Circular and this Pricing Supplement, the terms set out in this Pricing Supplement shall be decisive.

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the Euro 60,000,000,000 Global Medium-Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Singapore Branch, Rabo Australia Limited and Rabobank Ireland plc, guaranteed in respect of Notes issued by Rabo Australia Limited, and Rabobank Ireland plc by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland).

[In conformity with article 14.1 of the Listing Procedure Rules ('Reglement Procedure Beursnotering') of Euronext Amsterdam N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) in its capacity as Amsterdam Listing Agent has not made a due diligence investigation with respect to the Offering Circular pursuant to the Listing Procedure Rules.]⁽¹⁾

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

[Set out any additions or variations to the selling restrictions.]

[Except as disclosed in this document, there]⁽²⁾/There] has been no significant change in the financial or trading position of the Issuer[, the Guarantor or of the Group] since [date of latest audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer[, the Guarantor or of the Group] since [date of latest published annual accounts]].

[A copy of this Pricing Supplement has been filed with the Netherlands Authority for the Financial Markets.]⁽³⁾

[In connection with this issue, [insert name of stabilising manager] (the 'Stabilising Agent')⁽⁴⁾ or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a higher level than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]⁽⁵⁾

(1) Delete if the Notes are not listed on the Official Segment of the Stock Market of Euronext Amsterdam.

(2) N.B. Include this text where there is a disclosure of a significant change in the financial or trading position of the Issuer or the Group or a material adverse change in the financial position or prospects of the Issuer or the Group. If any such change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplement Offering Circular rather than in a Pricing Supplement.

(3) Delete if the Notes are not listed on the Luxembourg Stock Exchange and the laws of the Netherlands do not otherwise require such filing to take place.

(4) If the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam, the Stabilising Agent must be a member of Euronext Amsterdam.

[The stabilisation will in any event terminate after a period of 30 days after the date payment must be made on the Notes [and must be brought to an end after a limited period].]⁽¹⁾

[Include whichever of the following apply or specify as 'Not Applicable' (N/A). Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|-----|---|--|
| 1. | (i) Issuer: | Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland') |
| | (ii) [Guarantor: | [●] |
| 2. | (i) Series Number: | [●] |
| | (ii) [Tranche Number: | [●] |
| | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.) | |
| 3. | Specified Currency or Currencies: | |
| 4. | Aggregate Nominal Amount: | [●] |
| | (i) Series: | [●] |
| | (ii) [Tranche: | [●] |
| 5. | (i) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)] |
| | (ii) [Net proceeds: | [●] (Required only for listed issues)] |
| 6. | Specified Denominations ⁽²⁾ : | [●] |
| | | [●] |
| 7. | (i) Issue Date: | [●] |
| | (ii) [Interest Commencement Date (if different from the Issue Date): | [●] |
| 8. | Maturity Date: | <i>[specify date (or indicate if Notes are perpetual) or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> |
| 9. | Interest Basis: | [[●] per cent. Fixed Rate]
[[specify reference rate] +/-
[●] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below) |
| 10. | Redemption/Payment Basis: | [Other] / [Redemption at par] (specify) |
| 11. | (i) Status of the Notes: | Senior |
| 12. | Listing: | [Luxembourg/Other (specify)/None] |
| 13. | Method of distribution: | [Syndicated] |

(1) Delete if the Notes are not listed on the Official Segment of the Stock Market of Euronext Amsterdam.

(2) Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
 - (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with Condition 8(h) [specify any applicable Business Centre(s) for the definition of 'Business Day' / not adjusted]
 - (iii) Fixed Coupon Amount[(s)]: [●] per [●] in nominal amount
 - (iv) Broken Amount: *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
 - (v) Day Count Fraction (Condition 1(a)): [●]
(Consider if day count fraction for euro denominated issues should be on an Actual/Actual-ISDA or Actual/Actual-ISMA basis)
 - (vi) Determination Date(s) (Condition 1(a)): [●]
[Insert regular interest payment dates ignoring issue date or maturity date in case of a long or short first or last coupon]
 - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
15. **Floating Rate Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s) [●]
 - (ii) Specified Period(s)/Specified Interest Payment Dates: [●]
 - (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
 - (iv) Business Centre(s) (Condition 1(a)): [●]
 - (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
 - (vi) Interest Period Date(s): [Not Applicable/specify dates]
 - (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●]
 - (viii) Screen Rate Determination (Condition 1(a)): — Relevant Time: [●]

- Interest Determination Date: *[[●] [TARGET] Business Days in [specify city] for [specific currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]*
- Primary Source for Floating Rate: *[Specify relevant screen page or 'Reference Banks']*
- Reference Banks (if Primary Source is 'Reference Banks'): *[Specify four]*
- Relevant Financial Centre: *[The financial centre most closely connected to the Benchmark — specify if not London]*
- Benchmark: *[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]*
- Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
- Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (ix) Margin(s): *[+/-] [●] per cent. per annum*
- (x) Day Count Fraction (Condition 1(a)): *[●]*
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: *[●]*

16. Zero Coupon Note Provisions

[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Amortisation Yield (Condition 7(b)): *[●] per cent. per annum*
- (ii) Day Count Fraction (Condition 1(a)): *[●]*
- (iii) Any other formula/basis of determining amount payable: *[●]*

PROVISIONS RELATING TO REDEMPTION

17. Final Redemption Amount

[[●] per Note of [●] specified denomination/ Nominal Amount]

18. Early Redemption Amount

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 7(c)) or an event of default (Condition 11) and/or the method of calculating the same (if required or if different from that set out in the Conditions): *[●]*
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates(Condition 7(c)): *[Yes/No]*

- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 8(f)): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. **Form of Notes:** [Bearer Notes]
- (i) Temporary or permanent Global Note/Certificate: [Delete as appropriate]
[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note] [temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
20. Financial Centre(s) (Condition 8(h)) or [other special provisions relating to payment dates: [Not Applicable/The first sentence of Condition 8(h) shall be deemed to be deleted and replaced with the following: If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day, unless it would thereby fall into the next calendar month, in which event such date for payment shall be brought forward to the immediately preceding business day, nor to any interest or other sum in respect of such early or postponed payment.⁽¹⁾/Give details. [Note that this item relates to date and the place of payment, and not interest period end dates to which item 15(iv) relates]]
21. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature) [Yes/No. If yes, give details]
22. Other terms or special conditions:⁽²⁾ So long as Bearer Notes are represented by a permanent Global Note and the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, notwithstanding Condition 15, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders. Any notice thus delivered to that clearing system shall be deemed to have been given to the Noteholders on the day on which that notice is delivered to the clearing system.

(1) Include text for Modified Following Fixed Rate Notes.

(2) If full terms and conditions are to be used, please add the following here:

'The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.'

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the pricing supplement.

DISTRIBUTION

23. (i) Names of Managers: *[List of all COINs Dealers, those not participating to be deleted]*
- [If one of the Managers in respect of Notes issued by Rabobank Nederland is Rabobank International, Rabobank International will not subscribe for the Notes, but will act as agent for the placement of Notes. Such Notes will be deemed to be issued at the time when the Notes are transferred from Rabobank International to the subscriber and Rabobank International receives funds from the subscriber on behalf of Rabobank Nederland.]*
- (ii) Stabilising Manager (if any): *[Not Applicable/give name]*
- (iii) Dealer's Commission: *[●]*
24. Additional selling restrictions: *[Not Applicable/give details]*

OPERATIONAL INFORMATION

25. ISIN Code: *[●]*
26. Common Code: *[●]*
27. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant number(s) *[Not Applicable/give name(s) and number(s)]*
- (i) The Depository Trust Company *[CUSIP Number]*
28. Delivery: *Delivery [against/free of] payment*
29. The Agents appointed in respect of the Notes are: *[●]*

GENERAL

30. The aggregate principal amount of Notes issued has been translated into Euro at the rate of *[●]*, producing a sum of (for Notes not denominated in Euro): *[Not Applicable/[Euro ●]]*
31. In the case of Notes listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V.:
- (i) Listing: *[The Issuer undertakes to comply with the provisions (as far as applicable) of Appendix VII and Schedule B, under 2.1.20 of the Listing and Issuing Rules of Euronext Amsterdam N.V. as in force on the Issue Date]*
- (ii) Numbering and letters: *The Notes will be numbered from 1 onwards and in the denominations of [currency/amount] and [currency/amount] and will be preceded by the letters [A, AV, AX, AM, AF]*
- (iii) Whether CF-Form Notes will be issued: *[Yes/No]*
- (iv) Numbering and letters of CF-Form Notes: *The CF-Form Notes will be numbered from 1 onwards and in the denominations of [currency/amount] and [currency/amount] and will be preceded by the letters [FA, FV, FX, FM, FF]*

- (v) Net proceeds: The net proceeds of the issue of the Notes amount to approximately [currency/amount]
- (vi) Amsterdam Listing Agent: Rabobank Nederland
- (vii) Amsterdam Paying Agent: Rabo Securities N.V.
- (viii) Notices: In addition to Condition 15, notices will be published in the Euronext Daily Official List ('Official List') of Euronext Amsterdam N.V. and a daily newspaper of general circulation in the Netherlands
32. Costs of Issue: [Not Applicable/Applicable if unlisted Notes are offered in the Netherlands]
- (i) Costs borne by purchaser of Notes: [Give details]
- (ii) Commissions paid to intermediaries: [Give details]
- (iii) Other Costs: [Give details]
33. Effective yield at Issue Price⁽¹⁾: [●]
34. Subscription period: [Give details] / [Not Applicable]

In the case of Notes offered in Switzerland:

35. The registered is at: [●]
36. The domicile and nationality of each Director of the Issuer is as follow:
- | <i>Director's name</i> | <i>Domicile</i> | <i>Nationality</i> |
|------------------------|-----------------|--------------------|
| [●] | [●] | [●] |
| [●] | [●] | [●] |
37. (i) The auditors of the Issuer; [●]
- (ii) The registered seat of the auditors of the Issuer: [●]
38. (i) Articles of Association of the Issuer: The most recent Articles of Association of Rabobank Nederland are dated [●]. Clause [●] of the Articles of Association of Rabobank Nederland states that its purpose is [●].
39. The [Board of Directors] of the issuer approved the issue of the Notes on: [●]
40. The Issuer's long and short-term debt is rated [●] and [●] respectively by [name of rating agency] and [●] and [●] respectively by [name of rating agency].
41. Financial Statements
- (i) *[In the case of Notes to be offered in Switzerland]*
The latest published annual consolidated and unconsolidated financial statements of the Issuer are set out in Schedule [1] to this pricing supplement.
- (ii) *[In the case of Notes to be offered in Switzerland]*
The latest published interim consolidated and unconsolidated financial statements of the Issuer are set out in Schedule [2] to this pricing supplement.
[Interim accounts will need to be attached where the issue of Notes takes place more than 9 months after the date of the balance sheet relating to the issuer contained in the offering Circular.]
42. Date of Pricing Supplement: [●]
43. Date of Base Offering Circular: [●]
- Signed on behalf of the Issuer:
By:

(1) Required only in case of Notes listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V. and in case of unlisted Notes offered to retail investors in compliance with the 'Wet toezicht effectenverkeer 1995'.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN DUTCH GAAP AND U.S. GAAP

The audited consolidated financial statements of the Group included in this Offering Circular are prepared and presented in accordance with generally accepted accounting principles in the Netherlands ('Dutch GAAP'), which differs in certain significant respects from generally accepted accounting principles in the United States ('U.S. GAAP'). Certain significant differences between U.S. GAAP and Dutch GAAP relevant to the financial statements are summarised below. Such summary should not be considered exhaustive.

Goodwill

Dutch GAAP: Goodwill represents the excess of the purchase price of investments, subsidiaries and participating interests over the estimated fair value of net assets acquired at acquisition date and may be debited or credited in full to shareholders' equity at the transaction date. From 2005, Dutch law presumably will require goodwill to be capitalised with a maximum amortisation period of, normally, 20 years.

U.S. GAAP: Goodwill is capitalised without amortisation. Goodwill is periodically tested for impairment, following specifically prescribed procedures.

Fund for General Banking Risks

Dutch GAAP: In addition to specific allowances for loan losses and country risk, that may be determined on a dynamic basis, Dutch banks maintain a fund for general banking risks, classified outside shareholders' equity. This fund is net of taxes and covers general banking risks. These risks include risks on account of unforeseeable and therefore unquantifiable expenses, such as frauds and nationalisations, and risks on account of exceptional setbacks associated with lending and other banking activities. Fund level is quantified by management estimate. Movements in the fund are accounted for separately in the income statement. The fund is presented in the balance sheet as part of group equity.

U.S. GAAP: Under U.S. GAAP, a fund for general banking risks is not allowed. The amounts classified in the fund under Dutch GAAP would be part of shareholders' equity under U.S. GAAP.

Bonds and other Interest-bearing Securities in the Investment Portfolio

Dutch GAAP: Bonds and other interest-bearing securities included in the investment portfolio are carried at redemption value. The difference between redemption value and cost is accounted for under prepayments and accrued income or accruals and deferred income and taken to interest income over the term of the securities concerned. Gains and losses on the sale of bonds and other interest-bearing securities are accrued or deferred, as appropriate, and then taken as interest income over the weighted average remaining term to maturity of that investment portfolio. If, as a result, capitalised losses exceed deferred gains, the excess may be taken directly to the income statement and deducted from interest income. However, gains and losses on securities sold on account of a structural reduction of the investment portfolio are taken directly to interest income.

U.S. GAAP: All bonds and other interest-bearing securities included in the investment portfolio are classified as 'available for sale' if these securities may be sold prior to maturity as part of the asset/liability management or in response to other factors, or classified as 'held to maturity' in other cases. If classified as 'available for sale', they are carried at market value. Unrealised gains and losses are reported in a separate component of shareholders' equity. Realised gains and losses are recognised in the income statement. If securities are classified as 'held to maturity', amortized realised gains and losses are recognised directly in the income statement.

Shares in the Investment Portfolio

Dutch GAAP: Shares (and other variable-yield securities) are carried at market value. Unrealised gains and losses are taken to a share revaluation reserve, net of tax. If the revaluation reserve is insufficient to absorb a decline in value, this amount is charged to the income statement. Realised gains are included in the income statement.

U.S. GAAP: All shares are classified as 'available for sale' and stated at market value. Unrealised valuation differences are reported in a separate component of shareholders' equity, net of taxes. The amount of the writedown is charged to the income statement only when a decline in value is judged to be other than temporary. Realised gains are included in the income statement.

Derivatives Used for Hedging Purposes

Dutch GAAP: Derivatives which are used to manage overall structural interest rate exposure and which are not assigned to specific assets, liabilities or firm commitments are accounted for on an accrual basis.

U.S. GAAP: These derivatives are carried at fair value and changes in fair value are included in income as they occur.

Property in Use

Dutch GAAP: Property is carried at current cost (replacement cost) or appraisal value. Changes in value are taken to the revaluation reserve, net of taxes. Bank premises are depreciated on a straight-line basis over their useful life. Property in use by insurance companies is normally carried at appraisal value and not depreciated.

U.S. GAAP: Bank premises and property in use by insurance companies are carried at cost and depreciated on a straight-line basis over their useful life. Property held for investment is generally carried at the lower of cost or net realisable value and depreciated on a straight-line basis over its useful life.

Provision for Deferred Taxes

Dutch GAAP: In the accounts of banks, provisions for deferred taxes are carried at present value.

U.S. GAAP: Provisions for deferred taxes are carried on a nominal basis.

Pensions, other Post-employment Benefits and Post-retirement Benefits

Dutch GAAP: Pensions and other post-employment benefits are generally calculated using actuarial computations based on current compensation levels, taking into account the return achieved by the pension funds in excess of the actuarial interest rate. However, it is allowed to include estimates of future economic factors such as pay increases, indexations, and investment returns in the calculation. The expected costs of post-retirement benefits are only provided upon retirement. As an alternative, Dutch GAAP also allows the application of IAS 19 or, for companies listed in the US, FAS 87.

U.S. GAAP: For pensions, specific actuarial computations are prescribed based on current and future compensation levels taking into account the market value of the assets of the pension funds and current interest rates. Other post-employment benefits are recognised when the employer's services have been rendered, the rights have been vested and the obligation is probable and quantifiable. Post-retirement benefits have to be accrued during the years that an employee renders services.

Technical Provisions (Insurance)

Dutch GAAP and US GAAP: The calculation of technical provisions rely on actuarial principles which can, to a certain extent, be different between Dutch GAAP and US GAAP.

Other Provisions

Dutch GAAP: Provisions could be set up under certain conditions for expenses that are expected to be incurred in the future. Provision for life insurance is calculated in accordance with Actuarial Principles of the Insurance Chamber ('Verzekeringkamer'). Furthermore, a provision is normally made for future catastrophes.

U.S. GAAP: The criteria for setting up provisions are more stringent under U.S. GAAP and include, among other provisions, a requirement that a liability be incurred at the financial statement date for expenses expected to be incurred in the future. Provision for life insurance is calculated on the basis of specific actuarial principles that differ in some respects from those applied under Dutch GAAP. A provision for future catastrophes is not allowed.

Consolidation

Dutch GAAP: Companies that are controlled by the parent company are included in consolidation. Control may be established, among other ways, by having more than 50 per cent. of the voting rights.

U.S. GAAP: Companies are consolidated only where there is a majority of the voting rights.

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This is a translation of the Dutch report. In the event of any conflict in interpretation the Dutch original takes precedence.

CONSOLIDATED BALANCE SHEET
at 31 December 2003 (after profit appropriation)

<i>(in EUR millions)</i>	2003	2002
Assets		
Cash (1)	7,117	3,807
Short-term government paper (2)	3,211	1,813
<i>Professional securities transactions</i>	30,199	40,053
<i>Other banks</i>	11,720	7,176
Banks (3)	41,919	47,229
<i>Public sector lending</i>	2,161	797
<i>Private sector lending</i>	235,425	212,323
<i>Professional securities transactions</i>	13,211	12,132
Lending (4)	250,797	225,252
Interest-bearing securities (5)	71,141	71,320
Shares (6)	10,093	9,414
Participating interests (7)	201	184
Property and equipment (8)	3,964	3,870
Other assets (9)	4,984	4,519
Prepayments and accrued income (10)	9,878	7,312
Total assets	403,305	374,720
Liabilities		
<i>Professional securities transactions</i>	20,180	21,808
<i>Other banks</i>	62,676	64,078
Banks (11)	82,856	85,886
<i>Savings</i>	71,559	66,272
<i>Professional securities transactions</i>	3,309	6,031
<i>Other funds entrusted</i>	97,703	99,329
Funds entrusted (12)	172,571	171,632
Debt securities (13)	80,695	61,739
Other liabilities (14)	11,907	7,699
Accruals and deferred income (15)	12,513	8,218
Provisions (16)	19,177	18,338
	379,719	353,512
Fund for general banking risks (17)	1,679	1,679
Subordinated loans (18)	174	111
	1,853	1,790
<i>Member Capital</i>	3,853	3,851
<i>Revaluation reserves</i>	222	246
<i>Other reserves</i>	11,158	10,164
<i>Trust Preferred Securities</i>	2,037	650
<i>Reserves (19)</i>	17,270	14,911
<i>Third-party interests (20)</i>	4,463	4,507
Group equity	23,586	21,208
Total liabilities	403,305	374,720
Contingent liabilities (21)	6,435	7,655
Irrevocable facilities (22)	26,117	27,151

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for 2003

<i>(in EUR millions)</i>	2003	2002
Income		
<i>Interest income (23)</i>	17,794	18,265
<i>Interest expense (24)</i>	11,784	12,874
Interest	6,010	5,391
Income from securities and participating interests (25)	519	529
<i>Commission income (26)</i>	2,146	2,049
<i>Commission expense (27)</i>	294	254
Commission	1,852	1,795
Results on financial transactions (28)	170	285
Other income (29)	687	564
Total income	9,238	8,564
Expenses		
<i>Staff costs (30)</i>	3,770	3,682
<i>Other administrative expenses (31)</i>	2,101	1,789
Staff costs and other administrative expenses	5,871	5,471
Depreciation (32)	372	368
Operating expenses	6,243	5,839
Value adjustments to receivables (33)	575	500
Value adjustments to financial fixed assets (34)	18	252
Total expenses	6,836	6,591
Operating profit before taxation	2,402	1,973
Taxation on operating profit (35)	733	514
Operating profit/Group profit after taxation	1,669	1,459
Third-party interests (36)	266	209
Net profit	1,403	1,250

CASH FLOW STATEMENT

<i>(in EUR millions)</i>	2003	2002
Cash flow from operating activities		
Operating profit/Group profit after taxation	1,669	1,459
Adjustments for:		
– depreciation	372	368
– value adjustments to receivables	575	500
– value adjustments to financial fixed assets	18	252
– movements in technical reserves relating to the insurance business	1,119	939
– movements in other provisions	(280)	(937)
– movements in accrued and deferred items	1,729	4,734
	3,533	5,856
Cash flow from business operations	5,202	7,315
Movements in short-term government paper	(1,398)	3,498
Movements in securities trading portfolio	2,665	3,340
Movements in securitised loans	(50)	(154)
Movements in banks	633	(675)
Movements in lending	(26,120)	(17,138)
Movements in funds entrusted	939	(542)
Other movements from operating activities	4,464	(469)
	(18,867)	(12,140)
Net cash flow from operating activities	(13,665)	(4,825)
Cash flow from investing activities		
Investments and purchases		
– investment portfolio	(24,222)	(22,495)
– participating interests	(45)	(126)
– tangible fixed assets	(686)	(802)
	(24,953)	(23,423)
Disposals, redemptions and sales		
– investment portfolio	19,900	23,801
– participating interests	15	136
– tangible fixed assets	227	333
	20,142	24,270
Net cash flow from investing activities	(4,811)	847
Cash flow from financing activities		
Movements in Member Capital and Trust Preferred Securities	1,389	1,575
Movements in subordinated loans	63	59
Movements in debt securities	18,956	3,225
Payment on Member Capital and Trust Preferred Securities	(269)	(206)
	20,139	4,653
Net cash flow from financing activities	20,139	4,653
Net cash flow/Movement in cash and cash equivalents	1,663	675

The cash flow statement provides a summary of the net movements in operating, investing and financing activities.

Cash and cash equivalents consist of legal tender and balances available on demand with central banks.

NOTES

Basis of consolidation

The consolidated financial statements of Rabobank Group include the financial information of Rabobank Nederland and the local member banks, as well as the financial information of other group companies. The assets, liabilities and results of these companies are consolidated in full. Third-party interests are disclosed separately. Joint ventures are included in the consolidated financial statements in proportion to the Bank's share. Account balances between the banking activities and the insurance activities are eliminated insofar as they arise from financing activities.

The consolidated financial statements form part of the financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA ("Rabobank Nederland") and are referred to as the financial statements of Rabobank Group.

The difference between the equity and results as presented in the financial statements of Rabobank Group and in the financial statements of Rabobank Nederland can be attributed to the equity and results of the local member banks affiliated to Rabobank Nederland, Rabohypothek NV and Onderlinge Waarborgmaatschappij Rabobanken BA.

The financial statements have been drawn up in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Unless otherwise stated, all amounts disclosed in these notes are in millions of euros.

Changes in classification and accounting policies with effect from 2003

In accordance with the Guidelines for Annual Reporting in the Netherlands, as from the 2003 financial statements changes in the carrying values of property not in use by the Bank are taken to the profit and loss account. In addition, a revaluation reserve is formed and charged to the other reserves. Up to and including the 2002 financial statements, changes in value were only taken to the profit and loss account in the case of downward value adjustments and if the revaluation reserve was insufficient to absorb the adjustment. This change in accounting policy has no effect on equity. The effect on results is considered negligible.

Other prior-year figures have been reclassified where necessary for comparative purposes. These reclassifications have no effect on results or equity.

Recognition of financial instruments in the balance sheet

A financial asset or a financial liability is recognised in the balance sheet as from the moment that the Group is entitled to the benefits or is committed to the obligations arising from the contractual provisions of the financial instrument. From the moment that these conditions are no longer met, a financial instrument is no longer recognised in the balance sheet. Financial assets and liabilities are netted off in the balance sheet if the Group is allowed to do so on the basis of legal or contractual provisions and has the intention to offset these assets and liabilities or to settle them simultaneously.

Accounting policies

General

These financial statements have been prepared under the historical cost convention. Departures, if any, from historical cost rules are mentioned separately. All assets are carried net of such diminutions in value as deemed necessary. The addition to the item value adjustments to receivables is determined on a dynamic basis. The accounting policies applied by Interpolis NV are in accordance with the reporting requirements for insurance companies.

Premiums and discounts are included under prepayments and accrued income or under accruals and deferred income as appropriate, and are amortised over the term to maturity of the items concerned.

Derivatives

Derivative contracts relating to trading activities are included at their market value in the balance sheet, under prepayments and accrued income or under accruals and deferred income as appropriate. Changes in these market values are accounted for in the profit and loss account. The market value of derivative contracts relating to trading activities is determined taking into account the

costs of eliminating market risk, the expected credit risk, liquidity adjustments and adjustments resulting from market developments.

Interest rate contracts relating to trading activities are stated at market value, based on the spot rate ruling at the balance sheet date. Gains and losses on these contracts are accounted for under results on financial transactions. Other interest rate contracts are valued in line with the underlying assets and liabilities. Gains and losses are accounted for under interest in proportion to the expired term.

Foreign exchange contracts relating to borrowing and lending transactions are carried at the spot price rate ruling at the balance sheet date. Gains and losses resulting from these transactions are accounted for under interest in proportion to the term to maturity. Other foreign exchange contracts are carried at the market price for the remaining term at the balance sheet date. Realised and unrealised exchange differences are taken to results on financial transactions. Other contracts are carried at market value.

Foreign currency

Participating interests denominated in foreign currencies are translated at the spot rate of exchange ruling at the balance sheet date. Resulting exchange differences that have not been hedged are taken to reserves. Other assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the balance sheet date. Resulting exchange differences are taken to results on financial transactions.

Assets, liabilities and results of the insurance business denominated in foreign currencies are translated at the spot rate of exchange ruling at the balance sheet date. Resulting exchange differences on assets and liabilities are taken direct to reserves insofar as they are for the Group's own account and risk.

Leasing

Amounts receivable on leases of property and equipment are included in the balance sheet under lending and banks. Net income from lease contracts is taken to the profit and loss account under interest income.

Short-term government paper, interest-bearing securities and shares

Investment portfolio

The investment portfolio consists of securities forming part of fixed assets and held as investments in accordance with Rabobank policy. Bonds and other interest-bearing securities are carried at redemption value. The difference between redemption value and cost is accounted for under prepayments and accrued income or accruals and deferred income as appropriate and taken to the profit and loss account under interest income evenly over the term of the securities concerned.

Bonds and other interest-bearing securities for which all or most of the interest income is received at the time of redemption are carried at cost rather than at redemption value. The value of these items is increased by a proportional part of the difference between cost and redemption value for the remaining term to maturity, calculated on the basis of compound interest. This increase is accounted for as interest income.

Gains and losses on the sale of bonds and other interest-bearing securities are taken to reserves, taking into account deferred taxation, and recognised as interest income over the remaining term to maturity of those securities. Gains and losses on securities sold on account of a structural reduction of the investment portfolio are taken direct to interest income.

Transfers of bonds and other interest-bearing securities from the investment portfolio to the trading portfolio, and vice versa, are made at market value. Resulting gains and losses are accounted for in the same manner as gains and losses on sales of either investment portfolio or trading portfolio securities, as appropriate.

Shares and other non-fixed income securities listed on a stock exchange are carried at year-end market value; those not listed are carried at estimated realisable value. Resulting unrealised differences in value are taken to a revaluation reserve, taking into account deferred taxation. Unrealised differences in the value of hedging contracts are treated in the same manner. Realised price differences are taken to the profit and loss account under income from securities and participating interests. Unrealised losses that cannot be charged to the revaluation reserve are taken to the profit and loss account under value adjustments to financial fixed assets.

In respect of investments made by the insurance business in land and buildings, shares and convertible bonds, a structural total return is recognised in the profit and loss account. The total return consists of the direct return realised (net rental income and dividends) and an indirect return. The total return is calculated by multiplying the average return realised on the investments in the past 30 years by the average value of the investments in the past seven years. The indirect return is calculated as the difference between the total return and the direct return. The indirect return is released from the revaluation reserve. Releases from the revaluation reserve are made insofar as the reserve has a positive balance.

The accounting policy for investments in separate investment funds (insurance business) is the same as the policy described above, except for unrealised differences in value on investments in shares and other variable-yield securities, which are accounted for in the provision for price differences third parties.

Realised price gains and losses are taken direct to the profit and loss account.

Other investments for the account and risk of policyholders are carried at market value, increased with accrued interest where appropriate. Realised and unrealised differences in value are taken to the profit and loss account.

Trading portfolio

The trading portfolio is carried at market value or estimated realisable value at the balance sheet date. Valuation differences relating to the trading portfolio are accounted for under results on financial transactions. Repurchased own bonds and other interest-bearing securities for resale are carried at the lower of cost and market value. The market value is determined taking into account the costs of eliminating market risk, the expected credit risk, liquidity adjustments and adjustments resulting from market developments.

Certificates of deposit and commercial paper

Certificates of deposit and commercial paper qualifying as loans and advances are carried at face value. If they do not qualify as such, they are valued in the same way as bonds and other interest-bearing securities.

Temporary other investments

Temporary other investments are carried at market value determined individually for each investment. The resulting positive differences in value in relation to cost are taken to the revaluation reserve. Decreases in the revaluation reserve due to disposals are released to the profit and loss account. Downward value adjustments and reversals of them are taken to the profit and loss account under value adjustments to financial fixed assets, insofar as no reserve has been formed for them.

Participating interests

Participating interests over whose commercial and financial policy Rabobank exercises significant influence are carried at net asset value based on the latest financial information available. Rabobank's share in the results of participating interests is taken to the profit and loss account under income from securities and participating interests.

Other participating interests are carried at fair value. The resulting positive differences in value in relation to cost are taken to the revaluation reserve for participating interests. Decreases in the revaluation reserve due to disposals are released to the profit and loss account. Downward value adjustments, as well as reversals of them, are accounted for under value adjustments to financial fixed assets, insofar as no reserve has been formed for them. Dividends received from other participating interests are taken to the profit and loss account under income from securities and participating interests.

Results of foreign offices denominated in foreign currencies are translated at the average rates for the financial year. Resulting translation differences are taken to the revaluation reserve.

Goodwill, being the difference between the cost and net asset value of participating interests, is charged direct to other reserves in the year of acquisition. Negative goodwill on the acquisition of participating interests is taken direct to the revaluation reserve. The revaluation reserve is transferred evenly to other reserves in proportion to the gains realised on the participating interests concerned.

Property and equipment

Property in use by the Bank

Bank buildings are carried at current cost, derived from their replacement value based on continuity and functionality. This replacement value is arrived at by means of regular appraisals, so that each building is appraised at least once every ten years. The current cost of buildings not appraised in the year under review is adjusted based on building industry index.

Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. Downward value adjustments that cannot be absorbed by the revaluation reserve are charged to the profit and loss account.

The current cost is depreciated on a straight-line basis over an expected useful economic life of at most 40 years.

Bank buildings under construction are carried at cost. No depreciation is charged while work is in progress.

Buildings due to be sold are stated at their appraised realisable value. Lump-sum ground rent of land held on a long lease is capitalised and written off over a period not exceeding 40 years.

Property not in use by the Bank

Buildings not in use by the Bank are carried at current cost, i.e. at their net realisable value. Changes in value resulting from this accounting policy are taken to the profit and loss account, taking into account deferred taxation, and a revaluation reserve is formed at the same time. Property acquired under foreclosure is carried at the lower of cost and net realisable value. Construction projects in progress are carried at the lower of cost and net realisable value, net of payments received on account.

Property relating to the insurance business

All land and buildings are carried at current cost, i.e. the estimated private sale value, taking into account the expected return on investment and the nature and location of the property. Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. Appraisals of land and buildings in own use take place at regular intervals so that each item of property is appraised at least once every five years. Buildings under construction are carried at the direct construction costs incurred up to the balance sheet date, plus the contractual obligations entered into and net of any expected decrease in value upon delivery. Land and buildings are not depreciated.

Equipment

Equipment is carried at cost and depreciated evenly over the estimated useful lives of the items concerned.

Debt securities

Borrowings

Borrowings for which all or most of the interest charges are paid at the time of redemption are carried at their principal, plus a proportional part of the difference between the principal and redemption value for the remaining term to maturity, calculated on the basis of compound interest. The increase is accounted for in the profit and loss account under interest expense.

Provisions

Provision for pensions

The provision for pension obligations under defined benefit pension schemes is determined according to a method that determines the discounted value of the pension obligations on the basis of the number of years of active service at the balance sheet date, the estimated salary at the expected date of retirement, indexation and the market rate of interest on high-quality bonds already being traded. The conditional indexation is assumed to be financed by the surplus interest on the investments. To spread the pension charges evenly over the years, the expected return on the investments is incorporated in the calculations. Differences between the expected and actual return on the investments, as well as any actuarial and other differences and adjustments, are not taken to the profit and loss account, unless the cumulative total of these differences and adjustments exceeds 10% of the larger of the obligations under the pension scheme and the fair value of the corresponding

investments. The portion that exceeds this limit is taken to the profit and loss account over the average future working lives of the scheme members. The estimates of future factors are based on long-term studies carried out by Rabobank Group. These estimates are by definition uncertain and are therefore tested regularly and adjusted as necessary.

Provision for deferred taxation

The provision is formed for deferred tax liabilities resulting from temporary differences between the values for tax purposes and for financial reporting purposes and is stated at its discounted value. In the insurance business, the provision is stated at non-discounted value and is calculated taking into account the reserves recognised for tax purposes. Deferred tax assets are recognised only insofar as they are likely to crystallise.

Technical reserves relating to the insurance business

Unearned premium reserve

The unearned premium reserve relates to non-life insurance only and represents the unearned portion of premiums written. The reserve includes the ageing provisions for disability and sickness benefits policies.

Provision for life insurance

Life insurance liabilities are calculated in accordance with the net method on the basis of recent mortality tables and a discount rate of predominantly 4%. For life insurance policies concluded after 1 August 1999, a discount rate of 3% is used. The discount rate used for underwriting liabilities relating to savings mortgages is equal to the interest rate on the mortgage loans linked to the insurances. The provision is stated net of capitalised interest rate rebates and net of capitalised new-business commission incurred on life insurance policies with renewal premiums paid at regular intervals. Capitalised interest rate rebates on policies for which Interpolis bears the full investment risk are amortised to the profit and loss account evenly over a period of ten years. For policies for which Interpolis bears virtually no investment risk, amortisation is over the full term of the policy. This provision includes profit guarantees calculated according to actuarial principles.

Outstanding claims reserve

The outstanding claims reserve is formed for outstanding claims, including claims incurred but not yet reported in previous financial years.

The reserve is either determined on an item-by-item basis or estimated on the basis of claims experience, and includes claims handling expenses payable.

The portion of the reserve for disability insurance claims is calculated on the basis of actuarial claims accrual factors, using a discount rate of 4%. For claims reported after 1 January 2001 a discount rate of 3% is used.

Provision for insurance for which policyholders bear the investment risk

The provision for these liabilities, insofar as the underlying investments are held in separate investment funds, is calculated in the same way as the provision for life insurance.

The provision for other insurances for which policyholders bear the investment risk are calculated in accordance with the carrying value of the underlying investments.

Other technical reserves

Other technical reserves include a reserve for catastrophe risks in the non-life business. The addition to the reserve is based on the expected cost of external reinsurance cover. Amounts are charged to the reserve if the total loss relating to catastrophe risks on an annual basis exceeds a pre-defined limit. Different limits have been set for the various sectors.

Other provisions

Other provisions, banking activities

During the term of the Collective Labour Agreement (CLA), employees who meet the CLA requirements can opt for early retirement at or around the age of 60. A provision has been formed for employees who might opt for the Voluntary Early Retirement Scheme. The provision is calculated actuarially, using an average market rate of interest for all employees meeting the criteria and who are likely to make use of the scheme. All other provisions are carried at their non-discounted value.

Other provisions, insurance business

The provision for price differences third parties relates to unrealised price differences, as at the balance sheet date, on investments in property and shares of separate investment funds. Results realised on the sale of property and shares are taken to the profit and loss account.

Fund for general banking risks

The fund is formed to cover general risks associated with banking activities where this is prudently required. These risks include risks arising on account of unforeseeable and therefore unquantifiable expenses, such as large misappropriations of funds, nationalisation, et cetera, on the one hand and expenses resulting from large, exceptional setbacks relating to lending, interest rates, currencies, et cetera, on the other. Movements in the fund are accounted for separately in the profit and loss account. Expenses absorbed by amounts released from the fund are accounted for under the related items in the profit and loss account. Movements in the fund are taken into account in determining the tax charge. The fund is presented in the balance sheet net of deferred tax assets.

Income and expenses

Interest, commission and other income are recognised in the financial year to which they relate.

Interest and commission due which are doubtful of collection are not recognised as income. This applies in particular to unpaid interest and commission on loans and advances whose value has been adjusted because of a debtor's expected or actual default.

The same applies to the unpaid portion of interest and commission on those loans and advances whose value has been adjusted on account of country risks.

In determining the costs, allowance is made for accrued and deferred items.

In calculating the tax charge, allowance is made for current tax relief facilities, and their interpretations, including additions to the item value adjustments to receivables and to the fund for general banking risks, which are taken into account in full. Depreciation is charged in accordance with the notes to the item property and equipment.

NOTES TO THE CONSOLIDATED BALANCE SHEET
(in EUR millions)

1. Cash

This item consists of legal tender, balances available on demand with foreign central banks in countries where Rabobank Group operates, as well as a balance with the Dutch Central Bank under its minimum reserve policy.

2. Short-term government paper

This item relates to government paper with an original term to maturity of up to two years eligible for refinancing with central banks in the country of origin.

At cost: 3,214 (1,808)

At market value: 3,211 (1,809)

3. Banks

This item represents loans and advances, other than in the form of interest-bearing securities, to banks.

The total amount includes amounts receivable on lease contracts of 91 (94), assets transferred under sale and repurchase transactions of 14,210 (8,928), and amounts receivable from non-consolidated participating interests of 11 (-).

- (2) is not readily available, as it has been pledged as security.

4. Lending

This item consists of loans and advances, other than in the form of interest-bearing securities, to clients other than banks.

	2003	2002
Breakdown of lending:		
– Public sector lending	2,161	797
– Private sector lending (corporate clients)	119,457	111,382
– Private sector lending (private individuals)	117,816	102,665
– Professional securities transactions	13,211	12,132
– Provisions for bad debts and country risks	(1,848)	(1,724)
Total lending	250,797	225,252
This item includes:		
– Loans and advances to participating interests	–	20
– Subordinated loans and advances to participating interests	98	121
– Other subordinated loans and advances	48	129
– Amounts receivable on lease contracts	11,905	11,228
of which operating lease contracts	3,420	2,945
– Loans and advances guaranteed by public authorities	5,442	7,830
– Mortgages guaranteed by public authorities	10,921	9,062
– Other mortgages	149,603	130,728
Total home mortgages	116,101	99,762
Assets transferred under sale and repurchase transactions	3,901	15,373
Amount not readily available (pledged as security)	34	–
Breakdown of private sector lending by industry sector:		
– Agricultural sector	16%	16%
– Trade, industry and the services sector	35%	36%
– Private individuals	49%	48%

Movements in provisions for bad debts and country risks

	2003	2002
Balance at 1 January	1,785	1,753
Addition	575	500
Amounts charged to the provisions	(442)	(460)
Other movements, including currency translation differences	16	(8)
Balance at 31 December	1,934	1,785

EUR 1,848 (1,724) million relates to lending, while the remainder of the balance relates to banks, interest-bearing securities and off-balance-sheet items.

Analysis by business unit

Movements in provisions for bad debts and country risks of the relevant business units.

2003	Retail banking	Wholesale banking	Asset management	Leasing
Balance at 1 January	1,021	683	1	79
Addition	213	284	–	75
Amounts charged to the provisions	(171)	(184)	–	(80)
Other	15	(32)	–	(1)
Balance at 31 December	1,078	751	1	73
Impaired loans	1,817	2,115	1	380

2002	Retail banking	Wholesale banking	Asset management	Leasing
Balance at 1 January	935	722	5	89
Addition	165	266	–	68
Amounts charged to the provisions	(94)	(289)	–	(77)
Other	15	(16)	(4)	(1)
Balance at 31 December	1,021	683	1	79
Impaired loans	1,579	2,215	1	345

Risk on non-OECD countries

Regions:	In Europe	In Africa	In Latin America	In Asia/ Pacific	Total	As a % of total assets
Economic country risk (excluding derivatives) ⁽¹⁾	572	310	3,222	4,493	8,597	2.1%
Risk-reducing components:						
Loans and advances granted in local currency	3	4	800	966	1,773	
Third-party coverage of country risk	224	34	1,282	1,327	2,867	
Deduction for transactions with lower risk	178	60	417	209	864	
Net exposure before provisions	167	212	723	1,991	3,093	0.8%
Total provisions for economic country risk	2	12	89	91	194	10.0%

(1) Total assets, plus guarantees issued, securities and undrawn committed credit facilities.

5. Interest-bearing securities

This item represents interest-bearing negotiable bonds and other interest-bearing securities, other than short-term government paper.

	2003	2002
Interest-bearing securities of		
– Public authorities	35,480	38,644
– Other issuers	35,661	32,676
Total interest-bearing securities	71,141	71,320
Breakdown of interest-bearing securities		
– Investment portfolio	43,913	40,946
– Trading portfolio	26,068	29,264
– Securitised loans	1,160	1,110
	71,141	71,320
The portfolio includes:		
– Securities issued by group companies	84	115
– Subordinated securities	10	–
Listed securities	60,236	58,485
Unlisted securities	10,905	12,835
Falling due next year	11,040	6,878
Given on loan	660	242
Amount not readily available (pledged as security)	712	1,454
Assets transferred under sale and repurchase transactions	6,493	4,219
Investment portfolio at cost	42,799	41,802
Trading portfolio at cost	26,034	29,351
Movements in the investment portfolio:		
Balance at 1 January	40,946	44,955
Purchases	22,214	19,740
Sales and redemptions	(17,638)	(21,388)
Currency translation differences and other movements	(1,609)	(2,361)
Balance at 31 December	43,913	40,946

6. Shares

This item consists of shares and other variable-yield securities, and temporary other investments.

	2003	2002
Breakdown of shares:		
– Investment portfolio	7,532	8,293
– Trading portfolio	2,561	1,121
Total	10,093	9,414
Of which listed	6,277	4,505
Of which unlisted	3,816	4,909
Trading portfolio at cost	2,552	1,110
Temporary other investments included in total	3,405	4,817
Movements in the investment portfolio:		
Balance at 1 January	8,293	9,709
Purchases	2,008	2,755
Sales	(2,262)	(2,413)
Revaluation	(65)	(35)
Changes in value and reversals	168	(251)
Other movements	(610)	(1,472)
Balance at 31 December	7,532	8,293
Total revaluations	238	36
Total diminutions in value	183	657

Other movements include changes in the value of investments for which policyholders bear the investment risk, and currency translation differences.

Breakdown of investment and trading portfolios

	2003	2002
Investment portfolio		
Dutch government	3,794	4,562
Other OECD states	22,169	20,433
Mortgage-backed securities	5,035	4,947
Other interest-bearing securities	13,111	12,817
Total interest-bearing securities and short-term government paper	44,109	42,759
Shares	7,532	8,293
Total investment portfolio	51,641	51,052
Trading portfolio		
Dutch government	2,021	2,597
Other OECD states	23,389	24,081
Mortgage-backed securities	184	–
Other interest-bearing securities	3,489	2,586
Total interest-bearing securities and short-term government paper	29,083	29,264
Shares	2,561	1,121
Total trading portfolio	31,644	30,385

7. Participating interests

This item represents the interests held in participating interests.

	2003	2002
Participating interests, of which:		
– Credit institutions	9	8
– Other	192	176
Total participating interests	201	184
Movements in participating interests:		
Balance at 1 January	184	156
Investments	45	126
Disposals	(15)	(136)
Profit for the year	–	53
Revaluation and other movements	(13)	(15)
Balance at 31 December	201	184
Total revaluations	18	53
Total diminutions in value	6	56

8. Property and equipment

This item consists of land and buildings, equipment and other tangible fixed assets, as well as tangible fixed assets not in use by the Group, such as fixed assets acquired under foreclosure.

	2003	2002
Land and buildings in own use	2,477	2,490
Other land and buildings	814	751
Equipment	673	629
Total property and equipment	3,964	3,870
Capital commitments	124	147

Movements in property and equipment:

	Land and buildings in own use	Other land and buildings	Equipment	Total
Net book value at 1 January	2,490	751	629	3,870
Additions	223	127	336	686
Disposals	(122)	(68)	(37)	(227)
Revaluation	18	–	–	18
Depreciation and diminutions in value	(121)	4	(249)	(366)
Exchange differences	(11)	–	(6)	(17)
Net book value at 31 December	2,477	814	673	3,964
Total revaluations	342	94	–	436
Total depreciation and diminutions in value	1,168	7	1,500	2,675

9. Other assets

This item relates to precious metals, certificates representing precious metals, coins and medals made of precious metals (not being legal tender), goods and warehouse receipts, and assets that cannot be classified under any other heading. This item includes amounts receivable, other than prepayments and accrued income, of 3,731 (3,817), comprising a tax receivable of 385 (347) in respect of corporate income tax and a deferred tax asset of 360 (187) with a non-discounted value of 315 (142).

10. Prepayments and accrued income

This item relates to prepaid expenses, interest receivable and other receivables not yet billed. It includes options of 1,674 (1,648), including client options of 291 (311). Client options relate to long positions in listed options held by Rabobank Nederland for the account and risk of its clients. These options are not formally separated from the Bank's own assets. The corresponding liabilities are included under other liabilities.

11. Banks

This item represents amounts owed to credit institutions, other than debt securities and subordinated loans, of which debts secured by assets amount to 20,180 (21,808) and amounts owed to participating interests amount to 288 (-).

12. Funds entrusted

This item consists of funds entrusted by clients other than debt securities. Savings are all deposits and savings accounts of natural persons, non-profit-making associations and foundations, as well as non-transferable savings bonds.

This item includes funds entrusted by participating interests of 28 (-) and funds entrusted secured by assets of 4,412 (6,039).

13. Debt securities

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit.

14. Other liabilities

This item includes liabilities that cannot be classified under any other heading, such as short positions in securities and liabilities on account of securitised loans.

15. Accruals and deferred income

This item relates to payments received in advance, accrued interest and other amounts payable. It also includes obligations representing accrued holiday entitlements and additional leave days.

16. Provisions

This item represents provisions formed for the equalisation of costs originating in the year under review or prior years, but to be incurred in future years, evenly over a number of years. It also includes best estimates of obligations and losses existing at the balance sheet date, the extent of which is still uncertain.

	2003	2002
Provision for pensions	1,208	1,662
Provision for deferred taxation	255	206
Technical reserves relating to the insurance business	16,554	15,435
Other provisions	1,160	1,035
Total provisions	19,177	18,338

Provision for deferred taxation

The non-discounted value of deferred taxation amounted to 255 (206).

Provision for pensions (Defined Benefit Schemes)

Weighted average of principal actuarial assumptions used in the valuation of these provisions at 31 December (% per annum):

	2003	2002
Discount rate	4.75	4.75
Expected salary accrual rate	3.50	3.50
Index of consumer price inflation	2.75 ⁽²⁾	2.75

(2) For 2003, indexing of 1% (2.75%) was used in calculating the provision.

	2003	2002
Movements in the provision for pensions can be summarised as follows:		
Defined benefit pension schemes		
Balance at 1 January	1,644	2,394
Addition charged to the profit and loss account	223	174
Release of actuarial results not recognised	20	–
Payments to pension funds	(718)	(924)
Acquisitions and other movements	23	–
Balance at 31 December	1,192	1,644
Defined contribution schemes		
Balance at 31 December	16	18

	2003	2002
The financial position at the end of the financial year can be summarised as follows:		
Total pension obligations	6,898	8,078
Total investments	(6,715)	(5,351)
Profits/losses not yet recognised (corridor)	1,009	(1,083)
Provision for pensions	1,192	1,644

The expected return on investments to cover pension obligations was 7.5% in 2003 and 2002. The actual return in 2003 was approximately 9.5% (minus 9%).

17. Fund for general banking risks

The fund is formed to cover general risks associated with banking activities where this is prudently required. The fund is stated net of deferred tax assets. There were no movements in the fund in 2003 or 2002.

18. Subordinated loans

This item relates to loans, whether or not in the form of debt securities, which, in the event of liquidation, rank for payment after all the Bank's other debts existing at that time. These subordinated loans include loans taken out by Weiss, Peck & Greer LLC, Roparco NV, Effectenbank Stroeve NV, ACC Bank and FGH Bank NV.

The subordinated debt of Weiss, Peck & Greer LLC consists of two loans.

The first loan amounts to USD 3.75 million, falls due in 2006 and bears interest at 7.72%. The second loan amounts to USD 8.75 million, falls due in 2008 and bears interest at 8.81%.

Interest charged to the year under review amounted to USD 1.2 million.

Repayment ahead of schedule is possible subject to certain conditions.

The subordinated debt of Roparco NV is a loan of 26.3 bearing interest at a variable rate, which averaged 5.5% in 2003. The loan is open-ended, subject to a notice period of five years. The subordination can be lifted only after written approval from the Dutch Central Bank.

Interest charged to the year under review amounted to 1.4.

Effectenbank Stroeve NV has a subordinated debt consisting of two loans, namely a 2.3 loan bearing interest at 6.25% that is due to be repaid in 2009 and a 2.3 loan bearing interest at 6% that is due to be repaid in 2008. Interest charged to the year under review amounted to 0.1 and 0.1 respectively.

The subordinated debt of ACC Bank is a loan of 63 bearing interest at a variable rate. The loan matures in 2008. Interest charged to the year under review amounted to 3.4.

The subordinated debt of FGH Bank NV consists of four loans. Two loans of 7.5 and 5 bear interest at a variable rate and fall due in 2011. A loan of 10 bears interest at a rate of 6.25%, with an interest increase after five years to 6.75%, and falls due in 2012. The fourth loan of 45 bears interest at a fixed rate of 6% and falls due in 2012.

19. Reserves

	2003	2002
Breakdown of reserves:		
Member Capital	3,853	3,851
Revaluation reserves	222	246
Other reserves	11,158	10,164
Trust Preferred Securities	2,037	650
	17,270	14,911
Movements were as follows:		
Member Capital		
Balance at 1 January	3,851	2,276
Issue and movement relating to market making	2	1,575
	3,853	3,851

Member Capital relates to the Member Certificates issued in 2000, 2001 and 2002. In 2000, Rabobank Ledencertificaten N.V. (RLC), a group company of Rabobank Nederland, issued 40 million shares. The total proceeds of this issue amounted to 1,000. In 2000, RLC granted Rabobank Nederland a 900 deep-subordinated loan with a term of 31 years.

In 2001, RLC issued an additional 60 million shares. The total proceeds of this issue amounted to 1,575. In 2001, RLC granted Rabobank Nederland a 1,350 deep-subordinated loan with a term of 30 years. In 2002, RLC II issued an additional 17 million shares. The total proceeds of this issue amounted to 1,747. In 2002, RLC II granted Rabobank Nederland a 1,487 deep-subordinated loan with a term of 32 years.

As at year-end 2003, the number of shares held by members and employees was 98,239,416 (97,972,359) with a net asset value of 2,525 (2,520) and 16,421,276 (16,410,074) shares with a net asset value of 1,734 (1,735).

Subject to the prior written permission of the Dutch Central Bank, the loans of RLC may be repaid ahead of schedule on 29 June 2006 and every subsequent 29 June. The loan of RLCII may be repaid ahead of schedule from 29 December 2012 on. Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no dividend is paid if the consolidated profit and loss account of Rabobank Group shows a loss for any financial year, the issue proceeds, insofar as they have been lent on to Rabobank Nederland, are recognised as reserves in proportion to the number of shares held by members and employees. As a result, dividend payments are accounted for in the profit appropriation.

	2003	2002
Revaluation reserves		
Balance at 1 January	246	417
Revaluation	32	(152)
Transferred from/to other reserves	16	(13)
Released to profit and loss account	(72)	(6)
Balance at 31 December	222	246
This item includes the revaluation reserves for property, shares and participating interests.		
Other reserves		
Balance at 1 January	10,164	9,687
Transferred to/ from revaluation reserves	(16)	13
Goodwill	(213)	(635)
Other movements	89	55
Profit appropriation	1,134	1,044
Balance at 31 December	11,158	10,164
Significant equity interests acquired in 2003:		
– Boston Partners Asset Managers (second tranche)		
– FGH Bank NV		
– Lend Lease Agri-business, Inc (name has been changed to Rabo Agrifinance)		
– Ag Services of America, Inc (name has been changed to Rabo AgServices)		
Moreover the activities of Alex were acquired.		

	2003	2002
Trust Preferred Securities		
Balance at 1 January	650	650
Issued	1,388	–
Revaluation	(1)	–
Balance at 31 December	2,037	650

In 1999, 26 million non-cumulative Trust Preferred Securities with an expected dividend of 7% were issued by Rabobank Capital Funding Trust, Delaware, a group company of Rabobank Nederland, raising total proceeds of 650. As from 31 December 2004, Rabobank Capital Funding Trust has the right, after receiving prior written approval from the Dutch Central Bank, to repurchase these Trust Preferred Securities on each dividend payment date.

In 2003, 1.75 million non-cumulative Trust Preferred Securities were issued by Rabobank Capital Funding Trust II, Delaware, a group company of Rabobank Nederland. The expected dividend is 5.26% until 31 December 2013, after which the expected dividend is equal to the three-month USD LIBOR plus 1.6275%. The total proceeds from this issue amounted to USD 1,750 million. As from 31 December 2013, these Trust Preferred Securities can be repurchased on each dividend payment date after prior written approval is received from the Dutch Central Bank.

Since the proceeds of both issues are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid on either type of Trust Preferred Securities if Rabobank Group's consolidated profit and loss account shows a loss for any financial year, the proceeds of both issues are recognised as reserves. As a result, dividend payments are accounted for in the profit appropriation.

20. Third-party interests

This item relates to the share held by third parties in the capital of subsidiaries and other group companies.

	2003	2002
Balance at 1 January	4,507	3,654
Currency translation differences	(449)	(270)
Other movements	405	1,123
Balance at 31 December	4,463	4,507

Other movements relate principally to the balance of shares issued and redeemed.

Solvency

The main capital ratio requirements set by the Dutch Central Bank are derived from the capital adequacy guidelines of the European Union and the Basel Committee on Banking Supervision. These ratios compare the Bank's total capital (Tier I and Tier II) and core capital (Tier I) with total risk-weighted assets and off-balance-sheet items and the market risk of the trading portfolios. The minimum requirements for total capital and core capital as a percentage of risk-weighted assets are 8% and 4% respectively. The following table shows the capital available to the Bank and the minimum capital required by the supervisory authority.

	2003	2002
Breakdown of Tier I and Tier II capital:		
Member Capital	3,853	3,851
Other reserves	11,158	10,164
Fund for general banking risks	1,679	1,679
Trust Preferred Securities	2,037	650
Third-party interests treated as qualifying capital	933	858
Tier I capital	19,660	17,202
Revaluation reserves	222	246
Deductions	(141)	(131)
Subordinated loans treated as qualifying capital	151	97
Tier I and Tier II capital	19,892	17,414

	2003		2002	
	Minimum required	Available	Minimum required	Available
Tier I and Tier II capital	14,626	19,892	13,268	17,414
Tier I and Tier II ratio	8	10.9	8	10.5
Tier I capital	7,313	19,660	6,634	17,202
Tier I ratio	4	10.8	4	10.3

Summary of remaining terms to maturity

	Total	Withdrawable:				
		On demand/ undefined	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years
(the 2002 figures are shown between brackets)						
Assets						
Banks	41,919	1,218	34,760	3,672	1,783	486
	(47,229)	(1,142)	(38,711)	(3,942)	(2,856)	(578)
Lending	250,797	8,656	41,858	12,943	38,381	148,959
	(225,252)	(7,420)	(41,541)	(12,945)	(34,355)	(128,991)
Liabilities						
Banks	82,856	7,128	67,440	4,957	1,786	1,545
	(85,886)	(10,000)	(67,670)	(5,020)	(1,735)	(1,461)
Funds entrusted:						
– Savings	71,559	67,561	1,418	501	1,785	294
	(66,272)	(61,245)	(2,047)	(196)	(1,837)	(947)
– Other	101,012	46,876	29,661	14,834	6,903	2,738
	(105,360)	(41,714)	(49,761)	(1,764)	(9,158)	(2,963)
Debt securities	80,695	–	24,224	15,175	28,793	12,503
	(61,739)	(–)	(18,438)	(9,787)	(24,795)	(8,719)

Management and agency services

Management and agency services to third parties relate to all the Bank's activities.

The Bank also administers assets, in its own name but for the account and risk of third parties, which are separate from the Bank's own assets.

Foreign currency

Total assets denominated in foreign currencies amount to 115,830 (113,229).

Total liabilities denominated in foreign currencies amount to 134,648 (143,135).

The balance of these amounts does not reflect the currency position, as most of the risk has been hedged by means of derivatives whose notional value is not disclosed in the balance sheet.

Part of the derivatives in foreign currencies relates to trading positions.

21. Contingent liabilities

This item relates to transactions in which the Group stands surety for commitments of third parties.

	2003	2002
Contingent liabilities consist of:		
– Bills discounted	–	25
– Guarantees, etc.	5,303	6,412
– Irrevocable letters of credit	943	977
– Other contingent liabilities	189	241
Total contingent liabilities	6,435	7,655

Of which contingent liabilities secured by assets: 11 (353).

22. Irrevocable facilities

This item relates to all irrevocable facilities that could lead to lending.

	2003	2002
Unused credit facilities	25,876	26,979
Other	241	172
Total irrevocable facilities	26,117	27,151

Securities lending account

Interest-bearing securities amounting to 2,398 (–) were received on loan.

These amounts are not included in the balance sheet.

Derivatives

Derivatives are financial instruments which assist the Bank in managing its market risk positions, especially its interest rate and currency exposure, without the Bank having to take out balance sheet positions. The underlying values (notional amounts) serve only as computation variables and are therefore not disclosed on the face of the balance sheet. Examples of derivatives are forward exchange contracts, swaps, futures, forward rate agreements and options. The notional amounts given below relate to derivatives offered by Rabobank Group primarily as a service to the large corporate clients of Rabobank Nederland and clients of local member banks, and for the Bank's own asset and liability management. A substantial portion of the derivative contracts is concluded in the context of trading activities. The notional values are divided into short-term, medium-term and long-term.

	Notional Value				Positive replacement value
	Total	< 1 year	1-5 years	> 5 years	
(the 2002 figures are shown between brackets)					
Interest rate contracts					
<i>Over the counter</i>					
Swaps	1,237,924 (1,049,605)	779,443 (581,000)	299,095 (250,238)	159,386 (218,367)	17,199 (16,991)
Forwards	224,695 (181,835)	177,707 (171,523)	46,979 (10,303)	9 (9)	70 (126)
Options	79,161 (83,220)	5,721 (9,171)	15,606 (18,583)	57,834 (55,466)	860 (1,029)
Listed ⁽³⁾					
Options	3,166	3,166	–	–	–
Futures	182,274 (109,127)	141,317 (83,028)	40,747 (25,971)	210 (128)	50 (50)
Foreign exchange contracts					
<i>Over the counter</i>					
Swaps ⁽⁴⁾	55,020 (51,170)	13,374 (12,311)	32,261 (29,320)	9,385 (9,539)	2,136 (1,582)
Forwards	176,741 (216,755)	165,236 (204,851)	10,839 (11,216)	666 (688)	4,529 (4,613)
Options	4,396 (2,935)	3,869 (2,763)	522 (172)	5 (–)	87 (38)
Other contracts ⁽⁵⁾					
Over the counter	3,992 (3,597)	1,416 (692)	2,139 (2,693)	437 (212)	119 (128)
Other	2,658 (1,406)	2,658 (577)	– (801)	– (28)	– (4)
Total derivatives	1,970,027 (1,699,650)	1,293,907 (1,065,916)	448,188 (349,297)	227,932 (284,437)	25,050 (24,561)

(3) Listed: for contracts traded on the stock exchange which are subject to daily adjustments of margin commitments, no replacement value is given.

(4) Foreign exchange contracts/swaps: including cross-currency interest rate swaps.

(5) Other contracts: this includes share derivatives and derivatives linked to precious metals and commodities.

When two parties enter into a derivatives contract, this will result in due course in a payment obligation for one party, depending on the direction of movements in the market. This will be accompanied by credit risks for the Bank, which in practice will be only a fraction of the notional amounts of the derivative contracts.

For a better understanding of the volume of the derivatives activities and the related credit risks, the weighted and unweighted credit equivalents are also given in addition to the positive replacement value. The positive replacement value is the mark-to-market valuation of derivative contracts resulting in a claim on the other party that leads to a loss of profit in the event of default.

For a derivatives portfolio, the total credit risk forms a much better basis than the total notional amount of the portfolio for making a comparison with other banking activities. In the event of parties remaining in default, this credit risk is just as important as a claim, whereas the notional amount of the contract in that situation is generally of no importance. The notional amounts of the derivative contracts reflect the extent of Rabobank Group's operations in the markets concerned, but give no indication of the portfolio's exposure to credit or market risks.

The credit risk is measured by increasing the positive replacement value of the derivative contracts by a percentage of the notional amount (unweighted credit equivalent). This percentage depends on the term and the nature of the contracts. In determining the own funds for solvency requirement purposes, the credit equivalents are weighted, the weighting factor depending on who the other party is, e.g. a government body, a bank or other party. The transaction party is usually a bank.

	Credit equivalent 2003		Credit equivalent 2002	
	Unweighted	Weighted	Unweighted	Weighted
Interest rate contracts	22,619	5,113	23,983	5,627
Foreign exchange contracts	9,379	2,366	10,285	2,408
Other contracts	297	94	286	79
Total	32,295	7,573	34,554	8,114

No netting agreements or guarantees are taken into account for calculating the credit risk.

If netting agreements are taken into account, the positive replacement value of the derivatives portfolio as a whole would amount to 6,307 (7,150), in which case the unweighted credit equivalent would be 11,225 (12,001) and the weighted credit equivalent 3,082 (3,136).

A breakdown of notional amounts and credit equivalents by type of contract and transaction party is given below. The item trading includes derivative transactions on behalf of clients and for own account. The item balance sheet management relates to derivative transactions concluded to hedge normal banking risks.

	2003			2002		
	Trading	Balance sheet management	Total	Trading	Balance sheet management	Total
Interest rate contracts	1,660,566	66,654	1,727,220	1,368,932	54,855	1,423,787
Foreign exchange contracts	224,744	11,413	236,157	262,286	8,574	270,860
Other contracts	6,515	135	6,650	5,002	1	5,003
	1,891,825	78,202	1,970,027	1,636,220	63,430	1,699,650

	Credit equivalent 2003		Credit equivalent 2002	
	Unweighted	Weighted	Unweighted	Weighted
Government	455	–	587	–
Banks	27,825	5,565	29,564	5,913
Other	4,015	2,008	4,403	2,201
	<u>32,295</u>	<u>7,573</u>	<u>34,554</u>	<u>8,114</u>

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in EUR millions)

23. Interest income

This item includes all interest income from account balances, loans and advances and interest-bearing securities, as well as income similar in nature to interest, such as loan commission.

Interest income from bonds and other securities issued at fixed rates or rates that vary in accordance with market rates amounted to 2,331 (2,478).

Interest income attributable to the insurance business amounted to 716 (721).

24. Interest expense

This item includes all interest expenses on funds entrusted, subordinated and non-subordinated loans and debt securities, as well as charges similar in nature to interest.

Interest expense attributable to the insurance business amounted to 665 (672).

25. Income from securities and participating interests

This item includes dividends and other income from securities and participating interests.

	2003	2002
Income from equity shares and other non-fixed income securities	519	386
Profit of participating interests	–	143
Total income from securities and participating interests	519	529

Of which attributable to the insurance business: 134 (137).

26. Commission income

This item relates to commission received for services provided to third parties not similar in nature to interest.

	2003	2002
Breakdown of commission income:		
– Payment transactions	425	413
– Insurance broking	92	87
– Asset management	467	474
– Stockbroking	379	319
– Other	783	756
Total commission income	2,146	2,049

Of which attributable to the insurance business: 280 (280).

27. Commission expense

This item relates to commission paid for third party services not similar in nature to interest. Of which relating to stockbroking activities: EUR 82 (50) million, and asset management: 82 (89).

28. Results on financial transactions

This item includes both realised and unrealised price and value differences on securities forming part of the trading portfolio, currency and other income from financial transactions, insofar as this income is not similar in nature to interest.

29. Other income

This item relates to income that cannot be classified elsewhere and does not represent extraordinary income, such as technical results on the insurance business, rent from leased property and results on project development. Of which attributable to the insurance business: 393 (262).

30. Staff costs

	2003	2002
This item consists of:		
– Wages and salaries	2,595	2,530
– Pension charges	254	251
– Social security charges	289	297
– Other	632	604
Total staff costs	3,770	3,682

Of which attributable to the insurance business: 449 (419).

The item pension charges also includes the costs relating to the Voluntary Early Retirement Scheme, including movements in the related provisions.

The average number of employees was 57,576 (58,107).

Of whom:

– abroad: 6,230 (5,539)

– in the insurance business: 5,919 (5,632).

Expressed in fulltime equivalents, the average number of employees was 51,358 (52,020).

31. Other administrative expenses

This item includes office supplies, IT expenses, postage, advertising, rent and maintenance of buildings, etc. Of which attributable to the insurance business: 207 (207).

32. Depreciation

This item relates to the depreciation of fixed assets. Of which attributable to the insurance business: 28 (25).

33. Value adjustments to receivables

This item relates to downward value adjustments to loans and advances and provisions formed for commitments, as well as any releases thereof.

34. Value adjustments to financial fixed assets

This item relates to downward value adjustments to interest-bearing securities and shares forming part of the investment portfolio and participating interests, as well any reversals thereof. Of which attributable to the insurance business: minus 48 (192).

35. Taxation on operating profit

This item represents the tax charge on the profit on ordinary activities.

Of which attributable to the insurance business: 72 (minus 48).

The tax burden rose from 26.1% in 2002 to 30.5% in 2003.

	2003	2002
Standard tax rate in the Netherlands	34.5	34.5
Effect of foreign tax rates	(4.4)	(5.6)
Effect of tax-free income in the Netherlands	(0.8)	(2.9)
Other	1.2	0.1
Effective tax rate	30.5	26.1

36. Third-party interests

This item relates to third-party interests in the results of consolidated group companies.

Analysis by business unit

Partly as a result of consolidation effects, the figures below differ from those in the profit and loss account.

2003	Retail banking	Wholesale banking	Asset management	Insurance	Leasing
Interest	4,105	1,120	83	51	491
Commission	944	315	418	280	34
Other income	41	519	119	527	44
Total income	5,090	1,954	620	858	569
Staff costs	1,666	598	264	449	176
Other administrative expenses	1,577	337	181	207	117
Depreciation	204	32	18	28	12
Total operating expenses	3,447	967	463	684	305
Operating profit	1,643	987	157	174	264
Value adjustments to receivables	213	284	–	–	75
Value adjustments to financial fixed assets	–	59	(2)	(48)	–
Operating profit before taxation	1,430	644	159	222	189

2002	Retail banking	Wholesale banking	Asset management	Insurance	Leasing
Interest	3,767	901	84	49	449
Commission	859	321	423	280	35
Other income	79	593	79	399	41
Total income	4,705	1,815	586	728	525
Staff costs	1,621	562	250	419	177
Other administrative expenses	1,492	321	190	207	96
Depreciation	205	32	19	25	14
Total operating expenses	3,318	915	459	651	287
Operating profit	1,387	900	127	77	238
Value adjustments to receivables	165	266	–	–	68
Value adjustments to financial fixed assets	–	69	11	192	–
Operating profit before taxation	1,222	565	116	(115)	170

Income by region

	2003	2002
Total income	9,238	8,564
Of which generated in:		
The Netherlands	6,998	6,487
Other euro-zone countries	769	704
Rest of Europe	24	36
North America	1,004	956
Latin America	147	114
Asia	113	114
Australia	185	156
Other and consolidation effects	(2)	(3)
Total	9,238	8,564

BALANCE SHEET OF RABOBANK NEDERLAND
AT 31 DECEMBER 2003 (after profit appropriation)

<i>(in EUR millions)</i>	2003	2002
Assets		
Cash (37)	5,959	2,682
Short-term government paper (38)	3,024	1,706
<i>Professional securities transactions</i>	29,871	39,574
<i>Other banks</i>	82,826	68,893
	<hr/>	<hr/>
Banks (39)	112,697	108,467
<i>Public sector lending</i>	1,620	358
<i>Private sector lending</i>	54,147	54,342
<i>Professional securities transactions</i>	11,983	10,268
	<hr/>	<hr/>
Lending (40)	67,750	64,968
Interest-bearing securities (41)	47,781	48,232
Shares (42)	1,309	797
Participating interests in group companies (43)	6,459	7,572
Other participating interests (44)	47	59
Property and equipment (45)	276	256
Other assets (46)	2,195	1,877
Prepayments and accrued income (47)	9,712	6,604
	<hr/>	<hr/>
Total assets	257,209	243,220
Liabilities		
<i>Professional securities transactions</i>	19,487	21,535
<i>Other banks</i>	83,753	84,388
	<hr/>	<hr/>
Banks (48)	103,240	105,923
<i>Savings</i>	375	84
<i>Professional securities transactions</i>	1,740	3,997
<i>Other funds entrusted</i>	53,837	60,845
	<hr/>	<hr/>
Funds entrusted (49)	55,952	64,926
Debt securities (50)	72,156	54,087
Other liabilities (51)	6,310	3,041
Accruals and deferred income (52)	10,713	7,587
Provisions (53)	1,811	2,099
	<hr/>	<hr/>
	250,182	237,663
<i>Fund for general banking risks (54)</i>	439	439
<i>Share capital (55)</i>	638	636
<i>Revaluation reserve (56)</i>	56	81
<i>Other reserves (57)</i>	120	14
<i>Loans associated with issue of Rabobank membership certificates (58)</i>	3,737	3,737
<i>Loans associated with issue of Trust Preferred Securities (59)</i>	2,037	650
	<hr/>	<hr/>
Equity	7,027	5,557
	<hr/>	<hr/>
Total liabilities	257,209	243,220
Contingent liabilities (60)	8,511	9,907
Irrevocable facilities (61)	19,702	21,522

PROFIT AND LOSS ACCOUNT OF RABOBANK NEDERLAND FOR 2003 ⁽⁶⁾

<i>(in EUR millions)</i>	2003	2002
Profit of participating interests after taxation	1,018	761
Other income/(expense) after taxation	<u>(496)</u>	<u>(318)</u>
Net profit	522	443

(6) Prepared in accordance with Section 402 of Book 2 of the Netherlands Civil Code.

NOTES TO THE BALANCE SHEET OF RABOBANK NEDERLAND⁽⁷⁾
(in EUR millions)

37 Cash

This item consists of legal tender, balances available on demand with foreign central banks in countries where Rabobank Group operates, as well as a balance with the Dutch Central Bank under its minimum reserve policy.

38 Short-term government paper

This item relates to government paper with an original term to maturity of up to two years eligible for refinancing with central banks in the country of origin.

At cost: 3,028 (1,701)

At market value: 3,024 (1,702)

39 Banks

This item represents loans and advances, other than in the form of interest-bearing securities, to banks.

	2003	2002
This item includes:		
– Loans and advances to group companies	74,644	66,293
of which subordinated	126	86
– Assets transferred under sale and repurchase transactions	13,883	8,928
Amount not readily available (pledged as security)	–	2

40 Lending

This item consists of loans and advances, other than in the form of interest-bearing securities, to clients other than banks.

	2003	2002
Breakdown of lending:		
– Public sector lending	1,620	358
– Private sector lending	54,147	54,342
– Professional securities transactions	11,983	10,268
Total lending	67,750	64,968
This item includes:		
– Loans and advances to group companies	30,290	27,224
– Subordinated loans and advances to other participating interests	97	111
– Assets transferred under sale and repurchase transactions	1,570	12,617
– Loans and advances guaranteed by public authorities	3,654	6,223
– Other mortgages	426	224
Total home mortgages	47	76
Breakdown of private sector lending by industry sector:		
– Agricultural sector	12%	13%
– Trade, industry and the services sector	88%	87%

(7) Reference is made to the notes on pages F5 to F11 for the accounting policies.

41 Interest-bearing securities

This item represents interest-bearing negotiable bonds and other interest-bearing securities, other than short-term government paper.

	2003	2002
Interest-bearing securities of:		
– Public authorities	25,270	26,082
– Other issuers	22,511	22,150
Total interest-bearing securities	47,781	48,232
Breakdown of interest-bearing securities:		
– Investment portfolio	21,660	18,943
– Trading portfolio	25,848	28,963
– Securitised loans	273	326
	47,781	48,232
The portfolio includes:		
– Own securities	84	115
– Securities issued by group companies	108	296
Listed securities	41,440	44,099
Unlisted securities	6,341	4,133
Falling due next year	4,079	2,201
Given on loan	591	242
Amount not readily available (pledged as security)	–	851
Assets transferred under sale and repurchase transactions	5,774	3,887
Investment portfolio at cost	19,818	18,856
Trading portfolio at cost	25,829	29,047
Movements in the investment portfolio:		
Balance at 1 January	18,943	25,009
Purchases	11,058	9,777
Sales and redemptions	(7,257)	(14,246)
Currency translation differences and other movements	(1,084)	(1,597)
Balance at 31 December	21,660	18,943

42 Shares

This item consists of shares and other variable-yield securities, and temporary other investments.

	2003	2002
Breakdown of shares:		
– Investment portfolio	34	31
– Trading portfolio	1,275	766
	<u>1,309</u>	<u>797</u>
Listed securities	1,274	767
Unlisted securities	35	30
Trading portfolio at cost	1,274	766
Temporary other investments included in total	15	12
Movements in the investment portfolio:		
Balance at 1 January	31	32
Purchases	20	12
Sales	(9)	(13)
Diminutions in value and reversals	(8)	–
	<u>34</u>	<u>31</u>
Balance at 31 December	34	31

43 Participating interests in group companies

This item includes the direct interests held in group companies.

	2003	2002
Participating interests, of which:		
– Credit institutions	2,711	2,136
– Other	3,748	5,436
	<u>6,459</u>	<u>7,572</u>
Total participating interests in group companies	6,459	7,572
Movements in participating interests:		
Balance at 1 January	7,572	7,573
Acquisitions/capital contributions	542	476
Disposals	(1,800)	(106)
Profit for the year	1,042	718
Revaluation, goodwill and other movements	(897)	(1,089)
	<u>6,459</u>	<u>7,572</u>
Balance at 31 December	6,459	7,572

44 Other participating interests

This item includes the interests held in other participating interests.

	2003	2002
Other participating interests, of which:		
– Credit institutions	7	6
– Other	40	53
Total other participating interests	47	59
Of which listed	14	–
Movements in other participating interests:		
Balance at 1 January	59	115
Acquisitions	3	31
Disposals	–	(122)
Profit for the year	(24)	43
Revaluation and other movements	9	(8)
Balance at 31 December	47	59
Total revaluations	17	14
Total diminutions in value	1	36

45 Property and equipment

This item consists of land and buildings, equipment and other tangible fixed assets, as well as tangible fixed assets not in use by the Bank, such as fixed assets acquired under foreclosure.

	2003	2002
Land and buildings in use by the Bank	222	226
Equipment	54	30
Total property and equipment	276	256
Movements in property and equipment		

	Land and buildings in use by the Bank	Equipment	Total
Net book value at 1 January	226	30	256
Additions	8	44	52
Disposals	–	(1)	(1)
Revaluation	9	–	9
Depreciation and diminutions in value	(19)	(18)	(37)
Exchange differences	(2)	(1)	(3)
Net book value at 31 December	222	54	276
Total revaluations	71	–	71
Total depreciation and diminutions in value	195	116	311

46 Other assets

This item relates to precious metals, certificates representing precious metals, coins and medals made of precious metals (not being legal tender), goods and warehouse receipts, and assets that cannot be classified under any other heading.

This item includes amounts receivable, other than prepayments and accrued income, of 1,686 (1,684), of which 293 (7) is a tax receivable and 448 (502) a deferred tax asset.

47 Prepayments and accrued income

This item relates to prepaid expenses, interest receivable and other receivables not yet billed. It includes options of 1,277 (1,359), of which client options amount to 291 (311).

48 Banks

This item represents amounts owed to credit institutions, other than debt securities and subordinated loans, of which amounts due to group companies amount to 27,740 (26,348), amounts due to other participating interests to 288 (-) and debts secured by assets to 19,487 (21,435).

49 Funds entrusted

This item consists of funds entrusted by clients other than debt securities. This item includes funds entrusted by group companies of 7,785 (9,738) and by other participating interests of 27 (-), and funds entrusted secured by assets of 1,740 (3,997). Savings are all deposits and savings accounts of natural persons, non-profit-making associations and foundations, as well as non-transferable savings bonds.

50 Debt securities

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit, of which the amount due to group companies is 1,739 (686).

51 Other liabilities

This item includes liabilities that cannot be classified under any other heading, such as short positions in securities and liabilities on account of securitised loans.

52 Accruals and deferred income

This item relates to payments received in advance, accrued interest and other amounts payable.

53 Provisions

This item represents provisions formed for the equalisation of costs originating in the year under review or prior years, but to be incurred in future years, evenly over a number of years. It also includes best estimates of obligations and losses existing at the balance sheet date, the extent of which is still uncertain.

	2003	2002
Provision for pensions	1,201	1,654
Provision for deferred taxation	37	–
Other provisions	573	445
Total provisions	1,811	2,099

54 Fund for general banking risks

There were no movements in the fund in 2003 or 2002.

55 Share capital

This item represents the issued and fully paid-up share capital. All shares are held by local member banks.

	2003	2002
Movements were as follows:		
Balance at 1 January	636	636
Increase in accordance with the Articles of Association	2	–
Balance at 31 December	638	636

56 Revaluation reserve

This item represents the differences between the cost and carrying value of revalued assets, net of the related provision for deferred taxation.

	2003	2002
Breakdown of revaluation reserve:		
– Swap transactions involving interest-bearing securities	115	111
– Shares	3	8
– Participating interests	38	27
– Immovable property	58	61
– Exchange differences	(158)	(126)
Total revaluation reserve	56	81
Movements were as follows:		
Balance at 1 January	81	271
Transfer from/(to) other reserves	26	(13)
Revaluations	21	(172)
Released to profit and loss account	(72)	(5)
Balance at 31 December	56	81

57 Other reserves

	2003	2002
Movements were as follows:		
Balance at 1 January	14	250
Transfer from/(to) revaluation reserve	(26)	13
Other movements	91	144
Goodwill	(212)	(630)
Profit appropriation	253	237
Balance at 31 December	120	14

The reserves may not be distributed to the members.

58 Loans associated with issue of Rabobank Membership Certificates

In 2000, Rabobank Ledencertificaten N.V. (RLC), a group company of Rabobank Nederland, issued 40 million non-cumulative variable-interest shares. Of the proceeds, 900 was lent on to Rabobank Nederland in the form of a 31-year subordinated loan.

In 2001, a further 60 million non-cumulative variable-interest shares were issued. Of the proceeds, 1,350 was lent on to Rabobank Nederland in the form of a 30-year subordinated loan. In 2002, RLC II issued an additional 17 million shares. Of the proceeds, 1,487 was lent on

to Rabobank Nederland in the form of a 32 year subordinated loan. Since the proceeds of the above issues are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid on the Rabobank Membership Certificates if Rabobank Group's consolidated profit and loss account shows a loss for any financial year, the proceeds of the issues are recognised in part in the consolidated balance sheet of Rabobank Group as group equity (see notes to the consolidated balance sheet). The loans, amounting to 3,737 (3,737), are also recognised in the balance sheet of Rabobank Nederland as shareholders' equity on account of their being funded by means of perpetual Membership Certificates. For the same reason, interest payments are accounted for in the profit appropriation.

	2003	2002
Movements were as follows:		
Balance at 1 January	3,737	2,250
Issued	–	1,487
Balance at 31 December	3,737	3,737

59 Loans associated with issue of Trust Preferred Securities

In 1999, 26 million non-cumulative Trust Preferred Securities were issued via Rabobank Capital Funding Trust, Delaware, a group company of Rabobank Nederland, raising total proceeds of 650. The proceeds were made available by Rabobank Capital Funding LLC (a US group company of Rabobank Nederland) to Rabobank Nederland in the form of a 20-year subordinated loan.

In 2003, 1.75 million non-cumulative Trust Preferred Securities were issued via Rabobank Capital Funding Trust 11, Delaware, a group company of Rabobank Nederland, raising total proceeds of USD 1,750 million. The proceeds were made available by Rabobank Capital Funding LLC II (a US group company of Rabobank Nederland) to Rabobank Nederland in the form of a 30-year subordinated loan.

Since the proceeds of both issues of Trust Preferred Securities are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid on the Trust Preferred Securities if Rabobank Group's consolidated profit and loss account shows a loss for any financial year, the proceeds of both issues are recognised in the consolidated balance sheet of Rabobank Group as group equity.

These loans of 650 and USD 1,750 million respectively are also recognised in the balance sheet of Rabobank Nederland as equity, since both loans are subordinated.

	2003	2002
Movements were as follows:		
Balance at 1 January	650	650
Issued	1,388	–
Revaluation	(1)	–
Balance at 31 December	2,037	650

Summary of Rabobank Nederland remaining terms to maturity

(the 2002 figures are shown between brackets)

	Total	Withdrawable:				
		On demand/ undated	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years
Assets						
Banks	112,697 (108,467)	5,502 (9,191)	45,280 (46,649)	13,123 (13,486)	29,786 (23,819)	19,006 (15,322)
Lending	67,750 (64,968)	7,216 (8,411)	28,499 (27,622)	5,865 (5,712)	14,313 (13,678)	11,857 (9,545)
Liabilities						
Banks	103,240 (105,923)	9,177 (14,014)	67,810 (67,080)	20,832 (19,980)	2,739 (2,304)	2,682 (2,545)
Funds entrusted:						
– Savings	375 (84)	318 (21)	48 (35)	5 (20)	4 (8)	– (–)
– Other	55,577 (64,842)	10,394 (9,939)	23,650 (41,423)	13,085 (1,404)	5,658 (8,234)	2,790 (3,842)
Debt securities	72,156 (54,087)	– (–)	20,365 (15,240)	14,785 (8,533)	25,864 (21,733)	11,142 (8,581)

Management and agency services

Management and agency services provided to third parties relate to all the Bank's activities. The Bank also administers assets, in its own name but for the account and risk of third parties, which are separate from the Bank's own assets.

Foreign currency

Total assets denominated in foreign currencies amount to 98,220 (97,106).

Total liabilities denominated in foreign currencies amount to 120,345 (129,179).

The balance of these amounts does not reflect the currency position, as most of the risk has been hedged by means of forward transactions whose notional value is not disclosed in the balance sheet.

Part of the forward exchange transactions relates to trading positions.

60 Contingent liabilities

This item relates to transactions in which Rabobank Nederland stands surety for commitments of third parties

	2003	2002
Contingent liabilities consist of:		
– Discounted bills	–	25
– Guarantees, etc.	7,341	8,639
– Irrevocable letters of credit	930	982
– Other contingent liabilities	240	261
Total contingent liabilities	8,511	9,907
Of which:		
– Contingent liabilities of group companies	3,740	4,699
– Contingent liabilities secured by assets	11	353

Securities lending account

Securities amounting to 2,398 (-) were received on loan. This amount is not included in the balance sheet.

Liability undertaking

Pursuant to Section 403 of Book 2 of the Netherlands Civil Code, Rabobank Nederland has assumed liability for the debts arising from the legal transactions of a number of group companies.

Internal liability (cross-guarantee system)

In accordance with Section 12 of the Credit System Supervision Act 1992 [Wet toezicht Kredietwezen 1992] various corporate entities forming part of Rabobank Group stand surety for one another. This cross guarantee system constitutes a legal arrangement under which the fulfilment of each participating entity's commitments is guaranteed by the other participating entities in the event of a shortfall of funds.

The participating entities are:

- the local member banks, members of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA
- Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (Rabobank Nederland), Amsterdam
- Rabohypotheekbank NV, Amsterdam
- Raiffeisenhypotheekbank NV, Amsterdam
- Schretlen & Co. NV, Amsterdam
- De Lage Landen International BV, Eindhoven
- De Lage Landen Financiering BV, Eindhoven
- De Lage Landen Trade Finance BV, Eindhoven
- De Lage Landen Financial Services BV, Eindhoven

61 Irrevocable facilities

This item relates to all irrevocable facilities that could lead to lending.

	2003	2002
Unused credit facilities	19,701	21,456
Other	1	66
Total irrevocable facilities	19,702	21,522

Of which group companies: 1,921 (3,979).

Derivatives

The derivatives schedule included in the notes to the consolidated financial statements relates almost entirely to Rabobank Nederland.

Employees

The average number of employees was 6,931 (6,891).

Of which abroad: 2,002 (2,032).

Expressed in FTEs, the average number of employees was 6,728 (6,717).

Emoluments of members of the Supervisory Board of Rabobank Nederland

The total remuneration of current and former members of the Supervisory Board amounted to 1.7 (1.5). This amount is included under staff costs.

Emoluments of members of the Executive Board of Rabobank Nederland

The emoluments of current and former members of the Executive Board amounted to 10.8 (28.5). This amount is included under staff costs.

Loans and advances to and guarantees given on behalf of members of the Executive Board of Rabobank Nederland amounted to 4.5 (5.2). For members of the Supervisory Board of Rabobank Nederland they amounted to 1.9 (1.3).

Utrecht, 4 March 2004

The Supervisory Board

L. Koopmans
L.J.M. Berndsens
T. de Boon
B. Bijvoet
S.E. Eisma
M. Minderhoud
J.A.A.M. van Rossum
H.C. Scheffer
M.J.M. Tielen
A.W. Veenman
A.J.A.M. Vermeer

The Executive Board

H. Heemskerk
D.J.M.G. baron van Slingelandt
J.C. ten Cate
J.J. Verhaegen
P.J.A. van Schijndel
P.W. Moerland

PARTICIPATING INTERESTS

Once the financial statements are adopted, the list as referred to in Sections 379 and 414 of Book 2 of the Netherlands Civil Code will be filed at the Trade Registry of the Chamber of Commerce and Industries under number 30.046.259.

OTHER INFORMATION

A. Articles of Association provisions governing members' contributions to shortfalls

If, in the event of Rabobank Nederland's liquidation, whether by court order or otherwise, its assets should prove to be insufficient to meet its liabilities, the members at the time of the liquidation as well as those who ceased to be members in the year prior to the liquidation, shall be liable for the deficit.

In the event that Rabobank Nederland is dissolved on account of its insolvency after it has been declared bankrupt, not only the members at that time but also those who ceased to be members in the year prior to the bankruptcy order shall be jointly liable.

The amount payable by each member or former member shall be in the same proportion to the shortfall as their individual balance sheet totals according to their latest adopted balance sheet to the latest adopted balance sheet totals of all liable members and former members together. If it should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining members and former members shall be jointly liable from them in the same proportion for the amount not recovered.

In the event of a liquidation out of court, the inability to recover the share of one or more members or former members in the shortfall from them shall be deemed to exist if the liquidators, subject to the prior approval of the Supervisory Board, should waive the right of recourse because exercising the right would not lead to any recovery.

The amount for which members or former members are liable as referred to above shall never be more than 3% of their latest adopted balance sheet total. Liable former members who contributed to earlier equity deficits shall be allowed to deduct the amount paid earlier from the amount chargeable to them in the event of Rabobank Nederland's liquidation.

These Articles of Association provisions do not prejudice the guarantee given by the local member banks of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA under the cross-guarantee system that they will fulfil the obligations of Rabobank Nederland without any financial limitation in the event of a shortfall in funds. The cross-guarantee system is described in detail in the notes to the balance sheet of Rabobank Nederland.

B. Articles of Association provisions governing profit appropriation and proposed profit appropriation of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (Rabobank Nederland)

Articles of Association provisions governing profit appropriation

From the profit, a dividend may be paid, the amount of which shall be determined by the General Meeting on the proposal of the Executive Board. The profit then remaining shall, on the proposal of the Executive Board, be used by the General Meeting to improve the solvency position of Rabobank Nederland.

During the existence of Rabobank Nederland, the reserves shall not be distributed to the members, neither in whole nor in part. If, at any time, Rabobank Nederland should decide to wind up its business with a view to having it continued by another legal entity or institution, these reserves shall accrue to that other legal entity or institution.

Proposed appropriation of available profit of Rabobank Nederland

<i>(in EUR millions)</i>	2003	2002
Net profit	522	443
Payment on Rabobank Member Capital	215	160
Payment on Trust Preferred Securities	54	46
Addition to other Reserves	253	237

C. Articles of Association provisions governing profit appropriation of local member banks

The profit disclosed in the profit and loss account shall be added to the general reserve, which shall serve to extinguish any losses.

After the directors, subject to approval of the Supervisory Board, have tabled a proposal to that effect, the General Meeting may depart from the foregoing as follows. Of the amount which under the provisions of paragraph 1 of this article should be added to the general reserve, the General Meeting may disburse at most one quarter but no more than an amount equal to four per cent of the amount of the general reserve for purposes which it considers to be of local or general interest.

In no event may reserves be distributed to the members.

D. Appropriation of available profit of Rabobank Group

<i>(in EUR millions)</i>	2003	2002
Net profit	1,403	1,250
Payment on Rabobank Member Capital	215	160
Payment on Trust Preferred Securities	54	46
Addition to other reserves	1,134	1,044

E. Events after the balance sheet date

In February 2004, Rabobank Group reached a settlement with the Royal Bank of Canada (RBC) regarding a claim the Canadian bank believed it had against Rabobank International. The claim related to a swap transaction (a swap of financing obligations) for the bankrupt US energy group Enron (EOG). The original amount of the claim – USD 517 million – was reduced in August 2003 by USD 195 million. This amount devolved upon RBC on the distribution of the sale proceeds of the EOG shares to Rabobank, RBC and the other Enron creditors. Under the terms of the settlement reached with RBC, less than half of the remaining claim amount is for the account of Rabobank, which is comfortably covered by the provision formed by the Bank for this purpose.

F. Foreign offices

Europe		The Americas		Australia	Asia
Belgium	Trafee	Argentina	Strathmore	Adelaide	China
Antwerp	Tuam	Buenos Aires	Tecate	Albany	Beijing
Brussels	Tullamore	Brazil	Thousand Palms	Armidale	Hong Kong
Zaventem	Waterford	Canoas	Toledo	Atherton	Shanghai
Denmark	Wexford	São Paulo	Twin Falls	Ayr	India
Ballerup	Wicklow	Canada	Visalia	Berri	Mumbai
Germany	Italy	Oakville	Washington	Brisbane	New Delhi
Düsseldorf	Milan	Toronto	Wayne	Bunbury	Indonesia
Frankfurt	Luxembourg	Chile	West Marshall	Canberra	Jakarta
Langenhagen	Luxembourg	Santiago	West Memphis	Cloncurry	Japan
Finland	Austria	Curaçao	White Plains	Cooma	Tokyo
Helsinki	Salzburg	Willemstad	Wichita	Dalby	Singapore
France	Poland	Mexico	Wilmington	Darwin	Singapore
Beauvais	Poznan	Mexico City	Windsor	Dubbo	Taiwan
Paris	Warsaw	United States	Winnebago	Emerald	Taipei
Great Britain	Portugal	Amarillo	Wynne	Esperance	Thailand
Coventry	Lisbon	Atlanta		Forbes	Bangkok
Edinburgh	Russia	Bakersfield		Geraldton	
London	Moscow	Blythe		Goulburn	
Watford	Spain	Boston		Griffith	
Guernsey	Madrid	Brawley		Horsham	
St. Peter Port	Sweden	Calexico		Ingham	
Ireland	Sundyberg	Cedar Falls		Launceston	
Athlone	Switzerland	Chicago		Longreach	
Ballina	Schlieren	Chico		Mackay	
Ballinasloe	Zug	Coachella		Melbourne	
Bandon	Zurich	Crookston		Merriden	
Carrick-on-Shannon		Dallas		Moora	
Castlebar		Des Moines		Moree	
Cavan		Dinuba		Mount Gambier	
Clonmel		El Centro		Narrogin	
Cork		Enid		Orange	
Drogheda		Fresno		Perth	
Dublin		Gonzales		Port Lincoln	
Dundalk		Great Falls		Rockhampton	
Dungarvan		Greenbrae		Roma	
Ennis		Grimes		Shepparton	
Galway		Hanford		Swan Hill	
Kilrush		Hemet		Sydney	
Letterkenny		Holtville		Tamworth	
Limerick		Honolulu		Toowoomba	
Listowel		Imperial		Townsville	
Longford		Indio		Wagga Wagga	
Mallow		Julian		Warrmambool	
Monaghan		Kearney		New Zealand	
Mullingar		La Quinta		Alexandra	
Naas		Los Angeles		Ashburton	
Navan		Mcook Lake		Auckland	
Nenagh		Memphis		Blenheim	
New Ross		Menlo Park		Christchurch	
Newcastlewest		Naples		Dannevirke	
Portlaoise		New York		Dunedin	
Roscommon		Orange		Feilding	
Skibbereen		Otterbein		Gisborne	
Sligo		Palm Desert		Gore	
Thurles		Palm Springs		Greymouth	
		Preston		Hamilton	
		Rapid City		Hastings	
		Reedley		Invercargill	
		Roca		Masteron	
		Rosamond		New Plymouth	
		San Francisco		Oamaru	
		Santa Maria		Pukekohe	
		Selma		Rotorua Taupo	
		Spokane		Taumarunui	
		St. Louis		Te Kuiti	
		Stockton		Te Puke	
				Thames	
				Timaru	
				Waipukurau	
				Wanganui	
				Wellington	
				Whangarei	

G. Auditors' report

Introduction

We have audited the 2003 financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Amsterdam, of which the financial statements of Rabobank Group form a part, as included in this report. These financial statements are the responsibility of Rabobank Nederland's Executive Board. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Rabobank Nederland's Executive Board, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2003 and of the result for the year then ended in accordance with the accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Utrecht, 4 March 2004

Ernst & Young Accountants

KEY FIGURES

Five years in figures⁽³⁾

	2003	2002	2001	2000	1999
Volume of services (in EUR millions)					
Total assets	403,305	374,720	363,679	342,920	281,218
Private sector lending	235,425	212,323	197,262	179,137	161,074
Funds entrusted	172,571	171,632	172,174	146,705	127,527
Assets managed ⁽¹⁾	184,000	168,000	194,400	166,100	139,800
Premium income, insurance	3,893	3,660	3,926	3,417	2,867
Financial position and solvency (in EUR millions)					
Reserves	17,270	14,911	13,030 ⁽²⁾	13,108	11,867
Tier I capital	19,660	17,202	15,092 ⁽²⁾	14,653	13,007
Tier I + Tier II capital	19,892	17,414	15,542 ⁽²⁾	15,093	13,650
Total risk-weighted assets	182,820	165,843	152,812	142,278	129,801
Tier I ratio	10.8	10.3	9.9 ⁽²⁾	10.3	10.0
BIS ratio	10.9	10.5	10.2 ⁽²⁾	10.6	10.5
Solvency requirement	14,626	13,268	12,225	11,382	10,384
Profit and loss account (in EUR millions)					
– Interest	6,010	5,391	5,082	4,585	4,499
– Commission and other income	3,228	3,173	3,352	3,175	2,307
Total income	9,238	8,564	8,434	7,760	6,806
Operating expenses	6,243	5,839	5,965	5,459	4,826
Value adjustments to receivables	575	500	480	360	350
Value adjustments to financial fixed assets	18	252	59	9	0
Addition to the fund for general banking risks	0	0	0	52	100
Operating profit before taxation	2,402	1,973	1,930	1,880	1,530
Taxation on operating profit	733	514	532	507	423
Third-party interests	266	209	192	179	87
Net profit	1,403	1,250	1,206	1,194	1,020
Ratios					
Return on reserves	9.4%	9.6%	9.2%	10.1%	9.8%
Efficiency ratio	67.6%	68.2%	70.7%	70.3%	70.9%
Other data (numbers of)					
Member Banks	328	349	369	397	424
Offices:					
– branches	1,378	1,516	1,648	1,727	1,795
– agencies	356	402	455	548	610
Cash dispensing machines	2,981	2,979	2,889	2,676	2,546
Foreign offices	222	169	137	142	147
Employees:					
– total number	57,055	58,096	58,120	55,098	53,147
– full-time equivalents	50,849	51,867	52,173	49,711	48,224
Members (x 1,000)	1,360	1,108	825	550	510

General: Due to consolidation effects, the figures relating to Group entities will not always correspond with Rabobank Group totals. Changes in terms of percentages can vary as a result of rounding.

(1) Following a change in definitions, the amounts disclosed for assets managed differ from the amounts presented in previous reports.

(2) The effect of the change in accounting policy for pensions of January 1, 2002 is included in the computation of reserves and of the Tier I and BIS ratio as at December 31, 2001.

(3) Unaudited.

CONSOLIDATED BALANCE SHEET OF RABOBANK GROUP
at 31 December (after profit appropriation)

<i>(in EUR millions)</i>	2003	2002	2001 ⁽¹⁾
Assets			
Cash	7,117	3,807	3,736
Short-term government paper	3,211	1,813	5,311
<i>Professional securities transactions</i>	30,199	40,053	28,359
<i>Other banks</i>	11,720	7,176	11,719
	<hr/>	<hr/>	<hr/>
Banks	41,919	47,229	40,078
<i>Public sector lending</i>	2,161	797	761
<i>Private sector lending</i>	235,425	212,323	197,262
<i>Professional securities transactions</i>	13,211	12,132	10,591
	<hr/>	<hr/>	<hr/>
Lending	250,797	225,252	208,614
Interest-bearing securities	71,141	71,320	78,680
Shares	10,093	9,414	12,556
Participating interests	201	184	156
Property and equipment	3,964	3,870	3,756
Other assets	4,984	4,519	4,425
Prepayments and accrued income	9,878	7,312	6,367
	<hr/>	<hr/>	<hr/>
Total assets	403,305	374,720	363,679
Liabilities			
<i>Professional securities transactions</i>	20,180	21,808	17,076
<i>Other banks</i>	62,676	64,078	62,938
	<hr/>	<hr/>	<hr/>
Banks	82,856	85,886	80,014
<i>Savings</i>	71,559	66,272	63,060
<i>Professional securities transactions</i>	3,309	6,031	8,485
<i>Other funds entrusted</i>	97,703	99,329	100,629
	<hr/>	<hr/>	<hr/>
Funds entrusted	172,571	171,632	172,174
Debt securities	80,695	61,739	58,514
Other liabilities	11,907	7,699	12,039
Accruals and deferred income	12,513	8,218	4,187
Provisions	19,177	18,338	18,336
	<hr/>	<hr/>	<hr/>
	379,719	353,512	345,264
<i>Fund for general banking risks</i>	1,679	1,679	1,679
<i>Subordinated loans</i>	174	111	52
<i>Reserves</i>	17,270	14,911	13,030
<i>Third-party interests</i>	4,463	4,507	3,654
	<hr/>	<hr/>	<hr/>
Group equity	23,586	21,208	18,415
	<hr/>	<hr/>	<hr/>
Total liabilities	403,305	374,720	363,679
Contingent liabilities	6,435	7,655	9,652
Irrevocable facilities	26,117	27,151	25,674

(1) At 1 January 2002 a change in accounting policy for pension charges relating to defined benefit pension schemes was introduced. The comparative figures for 2001 have been restated accordingly. Therefore, the 2001 figures presented above differ from the 2001 figures in the financial statements of 2001.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF RABOBANK GROUP

<i>(in EUR millions)</i>	2003	2002	2001 ⁽¹⁾
Income			
<i>Interest income</i>	17,794	18,265	20,042
<i>Interest expense</i>	<u>11,784</u>	<u>12,874</u>	<u>14,960</u>
Interest	6,010	5,391	5,082
Income from securities and participating interests	519	529	517
<i>Commission income</i>	2,146	2,049	1,974
<i>Commission expense</i>	<u>294</u>	<u>254</u>	<u>214</u>
Commission	1,852	1,795	1,760
Results on financial transactions	170	285	422
Other income	<u>687</u>	<u>564</u>	<u>653</u>
Total income	9,238	8,564	8,434
Expenses			
<i>Staff costs</i>	3,770	3,682	3,565
<i>Other administrative expenses</i>	<u>2,101</u>	<u>1,789</u>	<u>2,032</u>
Staff costs and other administrative expenses	5,871	5,471	5,597
Depreciation	<u>372</u>	<u>368</u>	<u>368</u>
Operating expenses	6,243	5,839	5,965
Value adjustments to receivables	575	500	480
Value adjustments to financial fixed assets	<u>18</u>	<u>252</u>	<u>59</u>
Total expenses	6,836	6,591	6,504
Operating profit before taxation	2,402	1,973	1,930
Taxation on operating profit	<u>733</u>	<u>514</u>	<u>532</u>
Operating profit/Group profit after taxation	1,669	1,459	1,398
Third-party interests	<u>266</u>	<u>209</u>	<u>192</u>
Net profit	1,403	1,250	1,206

(1) At 1 January 2002 a change in accounting policy for pension charges relating to defined benefit pension schemes was introduced. The comparative figures for 2001 have been restated accordingly. Therefore, the 2001 figures presented above differ from the 2001 figures in the financial statements of 2001.

CONSOLIDATED CASH FLOW STATEMENT OF RABOBANK GROUP

<i>(in EUR millions)</i>	2003	2002	2001 ⁽¹⁾
Cash flow from operating activities			
Operating profit/Group profit after taxation	1,669	1,459	1,398
Adjustments for:			
– depreciation	372	368	368
– value adjustments to receivables	575	500	480
– value adjustments to financial fixed assets	18	252	59
– movements in technical reserves relating to the insurance business	1,119	939	1,439
– movements in other provisions	(280)	(937)	(19)
– movements in accrued and deferred items	1,729	4,734	(2,591)
	3,533	5,856	(264)
Cash flow from business operations	5,202	7,315	1,134
Movements in short-term government paper	(1,398)	3,498	2,051
Movements in securities trading portfolio	2,665	3,340	198
Movements in securitised loans	(50)	(154)	159
Movements in banks	633	(675)	(4,294)
Movements in lending	(26,120)	(17,138)	(17,428)
Movements in funds entrusted	939	(542)	25,469
Other movements from operating activities	4,464	(469)	(8,793)
	(18,867)	(12,140)	(2,638)
Net cash flow from operating activities	(13,665)	(4,825)	(1,504)
Cash flow from investing activities			
Investments and purchases			
– investment portfolio	(24,222)	(22,495)	(35,864)
– participating interests	(45)	(126)	(39)
– tangible fixed assets	(686)	(802)	(869)
		(23,423)	(36,772)
Disposals, redemptions and sales	(24,953)		
– investment portfolio	19,900	23,801	29,676
– participating interests	15	136	457
– tangible fixed assets	227	333	202
	20,142	24,270	30,335
Net cash flow from investing activities	(4,811)	847	(6,437)
Cash flow from financing activities			
Movements in Member Capital and Trust Preferred Securities	1,389	1,575	1,384
Movements in subordinated loans	63	59	(1)
Movements in debt securities	18,956	3,225	8,627
Payment on Member Capital and Trust Preferred Securities	(269)	(206)	(122)
	20,139	4,653	9,888
Net cash flow/Movements in cash and cash equivalents	1,663	675	1,947

The cash flow statement provides a summary of the net movements in operating, investing and financing activities.

Cash and cash equivalents consist of legal tender and balances available on demand with central banks.

(1) At 1 January 2002 a change in accounting policy for pension charges relating to defined benefit pension schemes was introduced. The comparative figures for 2001 have been restated accordingly. Therefore, the 2001 figures presented above differ from the 2001 figures in the financial statements of 2001.

UNCONSOLIDATED BALANCE SHEET OF RABOBANK NEDERLAND
at 31 December (after profit appropriation)

<i>(in EUR millions)</i>	2003	2002	2001 ⁽¹⁾
Assets			
Cash	5,959	2,682	2,374
Short-term government paper	3,024	1,706	5,245
<i>Professional securities transactions</i>	29,871	39,574	26,039
<i>Other banks</i>	82,826	68,893	68,741
	<hr/>	<hr/>	<hr/>
Banks	112,697	108,467	94,780
<i>Public sector lending</i>	1,620	358	425
<i>Private sector lending</i>	54,147	54,342	54,953
<i>Professional securities transactions</i>	11,983	10,268	7,995
	<hr/>	<hr/>	<hr/>
Lending	67,750	64,968	63,373
Interest-bearing securities	47,781	48,232	58,137
Shares	1,309	797	2,243
Participating interests in group companies	6,459	7,572	7,573
Other participating interests	47	59	115
Property and equipment	276	256	270
Other assets	2,195	1,877	2,386
Prepayments and accrued income	9,712	6,604	6,222
	<hr/>	<hr/>	<hr/>
Total assets	257,209	243,220	242,718
Liabilities			
<i>Professional securities transactions</i>	19,487	21,535	16,165
<i>Other banks</i>	83,753	84,388	86,658
	<hr/>	<hr/>	<hr/>
Banks	103,240	105,923	102,823
<i>Savings</i>	375	84	86
<i>Professional securities transactions</i>	1,740	3,997	5,626
<i>Other funds entrusted</i>	53,837	60,845	63,904
	<hr/>	<hr/>	<hr/>
Funds entrusted	55,952	64,926	69,616
Debt securities	72,156	54,087	51,050
Other liabilities	6,310	3,041	7,328
Accruals and deferred income	10,713	7,587	4,390
Provisions	1,811	2,099	3,015
	<hr/>	<hr/>	<hr/>
	250,182	237,663	238,222
<i>Fund for general banking risks</i>	439	439	439
<i>Share capital</i>	638	636	636
<i>Revaluation reserve</i>	56	81	271
<i>Other reserves</i>	120	14	250
<i>Loan associated with issue of Rabobank membership certificates</i>	3,737	3,737	2,250
<i>Loan associated with issue of Trust Preferred Securities</i>	2,037	650	650
	<hr/>	<hr/>	<hr/>
Equity	7,027	5,557	4,496
	<hr/>	<hr/>	<hr/>
Total liabilities	257,209	243,220	242,718
Contingent liabilities	8,511	9,907	10,273
Irrevocable facilities	19,702	21,522	20,379

(1) At 1 January 2002 a change in accounting policy for pension charges relating to defined benefit pension schemes was introduced. The comparative figures for 2001 have been restated accordingly. Therefore, the 2001 figures presented above differ from the 2001 figures in the financial statements of 2001.

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT OF RABOBANK NEDERLAND⁽¹⁾

<i>(in EUR millions)</i>	2003	2002	2001 ⁽²⁾
Profit of participating interests after taxation	1,018	761	834
Other income/(expense) after taxation	(496)	(318)	(460)
Net profit	522	443	374

(1) Prepared in accordance with section 402 of book 2 of the Netherlands Civil Code.

(2) At 1 January 2002 a change in accounting policy for pension charges relating to defined benefit pension schemes was introduced. The comparative figures for 2001 have been restated accordingly. Therefore, the 2001 figures presented above differ from the 2001 figures in the financial statements of 2001.

AUDITORS' REPORT TO THE CONSOLIDATED FINANCIAL DATA OF RABOBANK GROUP

The accompanying consolidated financial data as set out on page F47 up to and including page F49 of this Offering Circular have been derived from the consolidated financial statements for the years ended December 31, 2003, 2002 and 2001 of Rabobank Group, as audited by us. The consolidated financial data are the responsibility of Rabobank Group's management.

In our opinion, the consolidated financial data for the years ended December 31, 2003, 2002 and 2001, as included in this Offering Circular on page F47 up to and including page F49, are consistent, in all material respects, with the consolidated financial statements of Rabobank Group from which they have been derived. We issued unqualified auditors' reports on these consolidated financial statements on March 4, 2004, March 6, 2003 and March 7, 2002, respectively. These auditors' reports are included in the consolidated financial statements for the years referred to, which form an integral part of this Offering Circular.

Utrecht, October 15, 2004

Ernst & Young Accountants

AUDITORS' REPORT TO THE UNCONSOLIDATED FINANCIAL DATA OF RABOBANK NEDERLAND

The accompanying unconsolidated financial data as set out on pages F50 and F51 of this Offering Circular have been derived from the financial statements for the years ended December 31, 2003, 2002 and 2001 of Rabobank Nederland, as audited by us. The unconsolidated financial data are the responsibility of Rabobank Nederland's management.

In our opinion, the unconsolidated financial data for the years ended December 31, 2003, 2002 and 2001, as included in this Offering Circular on pages F50 and F51, are consistent, in all material respects, with the financial statements of Rabobank Nederland from which they have been derived. We issued unqualified auditors' reports on these financial statements on March 4, 2004, March 6, 2003 and March 7, 2002, respectively. These auditors' reports are included in the financial statements for the years referred to, which form an integral part of this Offering Circular.

Utrecht, October 15, 2004

Ernst & Young Accountants

AUDITORS' REPORT TO THIS OFFERING CIRCULAR

Introduction

We have taken cognisance of this Offering Circular of the Euro 60,000,000,000 Global Medium-Term Note Programme dated October 15, 2004 of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) having its registered office in Amsterdam, the Netherlands, with the aim of establishing whether this Offering Circular at least contains the information which, to the extent applicable, is required to be included therein pursuant to Section 2 (2) and (5) of the Netherlands Decree on the Supervision of the Securities Trade 1995 and the Netherlands Further Regulation on the Supervision of conduct on the Securities Trade 2002 (*Nadere Regeling gedragstoezicht effectenverkeer 2002*). This Offering Circular is the responsibility of Rabobank Group's management. Our responsibility is to express an opinion pursuant to section 2 (4) of the Annex A to the Netherlands Decree on the Supervision of the Securities Trade 1995.

Scope

Based on auditing standards generally accepted in the Netherlands, we are required to plan and perform our procedures to obtain assurance that this Offering Circular at least contains the information which, to the extent applicable, is required pursuant to Section 2 (2) and (5) of the Netherlands Decree on the Supervision of the Securities Trade 1995 and the Netherlands Further Regulation on the Supervision of conduct on the Securities Trade 2002. Unless expressly stated otherwise in this Offering Circular, the information included in this Offering Circular has not been audited. We believe that our procedures provide a reasonable basis for our opinion.

Opinion

In our opinion, this Offering Circular at least contains the information which, to the extent applicable, is required pursuant to section 2 (2) and (5) of the Netherlands Decree on the Supervision of the Securities Trade 1995 and the Netherlands Further Regulation on the Supervision of conduct on the Securities Trade 2002.

Utrecht, October 15, 2004

Ernst & Young Accountants

Extracts from the
Rabobank Group
Interim Report
2004

CONSOLIDATED BALANCE SHEET

<i>(in EUR millions)</i>	30-06-2004	31-12-2003	30-06-2003
Assets			
Cash	9,478	7,117	6,371
Short-term government paper	3,388	3,211	2,619
<i>Professional securities transactions</i>	36,237	30,199	30,201
<i>Other banks</i>	12,268	11,720	14,263
Banks	48,505	41,919	44,464
<i>Public sector lending</i>	3,210	2,161	2,015
<i>Private sector lending</i>	245,560	235,425	221,688
<i>Professional securities transactions</i>	12,824	13,211	13,460
Lending	261,594	250,797	237,163
Interest-bearing securities	85,045	71,141	82,831
Shares	12,414	10,093	11,966
Participating interests	499	201	199
Property and equipment	3,962	3,964	3,900
Other assets	4,534	4,984	4,996
Prepayments and accrued income	10,929	9,878	7,858
Total assets	440,348	403,305	402,367
Liabilities			
<i>Professional securities transactions</i>	22,289	20,180	20,002
<i>Other banks</i>	71,153	62,676	64,889
Banks	93,442	82,856	84,891
<i>Savings</i>	75,070	71,559	69,104
<i>Professional securities transactions</i>	3,274	3,309	10,487
<i>Other funds entrusted</i>	102,140	97,703	101,287
Funds entrusted	180,484	172,571	180,878
Debt securities	96,617	80,695	76,484
Other liabilities	13,183	11,907	11,826
Accruals and deferred income	11,803	12,513	7,391
Provisions	20,140	19,177	18,923
	415,669	379,719	380,393
<i>Fund for general banking risks</i>	1,679	1,679	1,679
<i>Subordinated loans</i>	2,245	2,211	759
<i>Reserves</i>	16,022	15,233	14,819
<i>Third-party interests</i>	4,733	4,463	4,717
Group equity	24,679	23,586	21,974
Total liabilities	440,348	403,305	402,367
Contingent liabilities	7,310	6,435	7,373
Irrevocable facilities	27,693	26,117	28,577

These interim figures are unaudited.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>(in EUR millions)</i>	First half 2004	Second half 2003	First half 2003
Income			
Interest	3,133	3,027	2,929
Income from securities and participating interests	229	244	109
Commission	1,020	983	869
Results on financial transactions	133	101	69
Other income	399	312	375
Total income	4,914	4,667	4,351
Expenses			
<i>Staff costs</i>	1,928	1,948	1,822
<i>Other administrative expenses</i>	1,155	1,180	921
Staff costs and other administrative expenses	3,083	3,128	2,743
Depreciation	177	195	177
Operating expenses	3,260	3,323	2,920
Value adjustments to receivables	275	300	275
Value adjustments to financial fixed assets	(12)	(98)	(50)
Total expenses	3,523	3,525	3,145
Operating profit before taxation	1,391	1,142	1,206
Tax on operating profit	411	365	347
Operating profit/Group profit after taxation	980	777	859
Third-party interests	155	141	125
Net profit	825	636	734

These interim figures are unaudited.

CASH FLOW STATEMENT

<i>(in EUR millions)</i>	First half 2004	First half 2003
Cash flow from operational activities		
Operating profit/Group profit after taxation	980	859
Adjustments for:		
– depreciation	177	177
– value adjustments to receivables	275	275
– value adjustments to financial fixed assets	(12)	(50)
– movements in technical reserves relating to the insurance business	818	643
– movements in other provisions	145	(58)
– movements in accrued and deferred items	(1,761)	(1,345)
	<u>(358)</u>	<u>(358)</u>
Cash flow from business operations	622	501
Movements in short-term government paper	(177)	(806)
Movements in securities trading portfolio	(13,010)	(12,813)
Movements in securitized loans	(481)	379
Movements in banks	3,895	1,732
Movements in lending	(11,072)	(12,186)
Movements in funds entrusted	7,913	9,246
Other movements from operational activities	1,841	2,813
	<u>(11,091)</u>	<u>(11,635)</u>
Net cash flow from operational activities	(10,469)	(11,134)
Cash flow from investing activities		
Investing activities concerning:		
– investment portfolio	(2,730)	(716)
– participating interests	(275)	(51)
– tangible fixed assets	(116)	(207)
	<u>(3,121)</u>	<u>(974)</u>
Net cash flow from investing activities	(3,121)	(974)
Cash flow from financing activities		
Rabobank Membership Certificates	(3)	–
Movements in subordinated loans	34	(2)
Movements in debt securities	15,922	14,745
Payment on Rabobank Membership Certificates	(108)	(110)
	<u>15,845</u>	<u>(14,633)</u>
Net cash flow from financing activities	15,845	(14,633)
Net cash flow/Movements in cash and cash equivalents	2,255	2,525

The cash flow statement provides a summary of the net movements in operational, investing and financing activities.

Cash and cash equivalents consist of legal tender and balances available on demand with central banks.

These interim figures are unaudited

MOVEMENTS IN RESERVES

<i>(in EUR millions)</i>	First half 2004	Second half 2003	First half 2003
Balance at January 1/July 1	15,233	14,819	14,261
Rabobank Membership Certificates	(3)	2	—
Profit for the first/second half-year	825	636	734
Revaluation	147	(1)	33
Goodwill	(61)	(106)	(107)
Payment on Rabobank Membership Certificates	(108)	(105)	(110)
Other movements	(11)	(12)	8
Balance at June 30/December 31	16,022	15,233	14,819

ANALYSIS BY BUSINESS UNIT

Partly as a result of consolidation effects, the figures of the principal business units below differ from those in the profit and loss account.

<i>(in EUR millions)</i>	Retail banking	Wholesale banking	Asset management	Insurance	Leasing	Real estate
2004 I						
Total income	2,617	1,058	301	456	314	54
Total operating expenses	1,694	524	221	341	174	16
Gross profit	923	534	80	115	140	38
Value adjustments to receivables	126	82	—	—	40	1
Value adjustments to financial fixed assets	—	(12)	—	(11)	—	—
Operating profit before taxation	797	464	80	126	100	37
2003 I						
Total Income	2,384	994	310	328	271	11
Total operating expenses	1,635	439	226	346	142	1
Gross profit	749	555	84	(18)	129	10
Value adjustments to receivables	108	125	—	—	41	—
Value adjustments to financial fixed assets	—	43	(1)	(93)	—	—
Operating profit before taxation	641	387	85	75	88	10

NOTES TO THE BALANCE SHEET

In the first half of 2004, Rabobank Group's total assets according to the consolidated balance sheet grew by 9% to EUR 440 billion. The Tier I ratio at June 30, 2004 was 10.6 and the BIS ratio 10.7.

Lending to the private sector was up 4% at EUR 245.6 billion. Total assets also grew owing to the increase in interest bearing securities. The expansion of activities was largely financed by the growth in funds entrusted and a rise in debt securities.

Lending

Rabobank Group's total lending increased 4% in the first half of 2004 to EUR 261.6 (250.8) billion. The figure breaks down as:

- (i) public sector lending;
- (ii) professional securities transactions;
- (iii) private sector lending.

Public sector lending increased by EUR 1.0 billion to EUR 3.2 billion. Professional securities transactions amounted to EUR 12.8 (13.2) billion.

Private Sector Lending

Private sector lending rose 4% in the first half year to EUR 245.6 (235.4) billion. The private sector comprises private individuals, the food and agri sector and the trade, industry and services sector. Of the total amount lent, 51% is to private individuals, 15% to the food and agri sector, and 34% to the trade, industry and services sector. Lending by local banks was up 4%. Lending as part of wholesale banking was down 2% owing to the netting of debit and credit balances for the same client. Before netting off, lending showed modest growth. The other sectors combined, including leasing and real estate, reported growth of 20%, which is partly due to the acquisition of Telia Finans AB and the increase in real-estate activities.

Trade, Industry and services

The total borrowed by entrepreneurs in the trade, industry and services sector amounted to EUR 83.6 billion at June 30, 2004, 3% up from the EUR 81.3 billion at December 31, 2003. The strongest growth was the attributable to companies in the property and construction sectors.

Food and agri

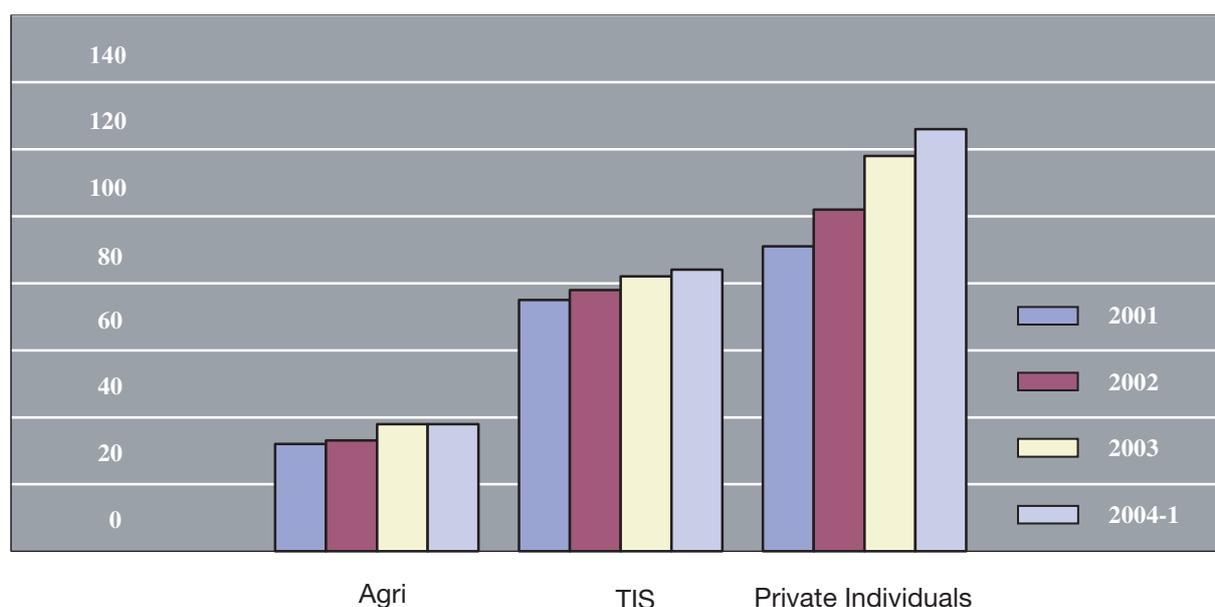
At the end of June, the amount lent to companies in the food and agri sector stood at EUR 36.4 (36.6) billion, the larger part relating to the primary agricultural sector.

Private individuals

Lending to private individuals totalled EUR 125.6 (117.5) billion at the end of June 2004, representing a rise of 7%, about the same as for the same period of 2003. The greater part of the lending to private individuals, EUR 123.3 (116.1) billion, is in the form of mortgage loans.

Lending by sector

(in EUR billions)



Interest-bearing securities

During the period under review, interest-bearing securities rose 20% to EUR 85.0 (71.1) billion, most of the increase being attributable to the growth of the trading portfolio.

Funds entrusted

During the reporting period, funds entrusted, which comprises savings, professional securities transactions and other funds entrusted, increased by 5% to EUR 180.5 (172.6) billion. Professional securities transactions amounted to EUR 3.3 (3.3) billion at June 30, 2004. The other funds entrusted increased by EUR 4.4 billion to EUR 102.1 billion, the increase being mainly attributable to the relatively large growth in deposits.

Savings

Savings grew EUR 3.5 billion in the first half year to EUR 75.1 billion, an increase of 5%. The economic uncertainties and low consumer confidence led to many private individuals placing their cash in savings accounts. The share of internet savings in the total went up from 33% to 40% during the first half year. This was mainly at the expense of traditional forms of savings and Telesavings, whose shares reduced by 3% to 24% and by 4% to 17% respectively.

Debt securities

Debt securities went up EUR 15.9 billion in the first half year to EUR 96.6 billion, an increase of 20%. In addition to the issue of Medium Term Notes, more Certificates of Deposit were issued to finance the growth in lending and to maintain liquidity at a healthy level.

Reserves

Based on the most recent International Financial Reporting Standards (IFRS), it was concluded during the reporting period that the Trust Preferred Securities, amounting to EUR 2.0 billion, no longer qualified as reserves. For reasons of prudence, it was decided therefore to classify Trust Preferred Securities under subordinated debt as from January 1, 2004. See "Management Discussion and Analysis of Financial Condition and Results of Operation – Changes in Accounting Policies". For supervisory purposes however, the Dutch Central Bank will continue to regard Trust Preferred Securities as Tier I capital, even after the transition to IFRS in 2005. Accordingly, this change in accounting policy does not affect the Tier I ratio or the BIS ratio.

Under IFRS, the members' capital, amounting to EUR 3.9 billion, will continue to qualify in full as reserves.

To hedge the interest rate risk on members' capital, Rabobank Group concluded long-term swaps. However, IFRS does not allow hedge accounting for instruments an organisation issues relating to its own capital. Under IFRS, Rabobank Group has to recognise the swaps it concluded at fair value in its financial statements and changes in the fair value must be taken to the profit and loss account. As the result of a resolution, the existing swaps were included in the trading portfolio for the first half year, and consequently carried at fair value. The effect was a charge of EUR 107 million. This different type of treatment in the accounts does not of course have any impact on the overall risk profile of Rabobank Group.

Increase in group equity

Tier I-ratio: 10.6

The Tier I ratio and the BIS ratio are the most commonly used ratios in the financial world to measure solvency. The Tier I ratio expresses the relationship between the core capital and the total risk-weighted assets. At June 30, 2003, the Tier I ratio was 10.6 (10.8), higher than the long-term objective of 10. The minimum requirement set by the external supervisors is 4. The high solvency ratio is one of the main reasons for Rabobank Group's high ratings awarded by the rating agencies Moody's and Standard & Poor's. Total risk-weighted assets grew by EUR 10.2 billion to EUR 193.0 billion, largely the result of increased lending. The Tier I capital rose by EUR 0.8 billion to EUR 20.5 billion.

BIS-ratio: 10.7

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital, or qualifying capital, by the total of risk-weighted assets. The qualifying capital is therefore the sum of the core capital and the supplementary capital. At June 30, 2004, the BIS ratio was 10.7 (10.9), well above the minimum requirement of 8 set by the external supervisors.

NOTES TO THE PROFIT AND LOSS ACCOUNT

In the first half year, net profit increased by 12% to EUR 825 million, thanks to higher income.

Income

Total income rose in the first six months by EUR 563 million to EUR 4,914 million, an increase of 13%. The growth rate was boosted by the change in accounting policy at Interpolis. Adjusted for this change, the increase in income is 10%.

Interest income up 7%

In the first half year, interest income rose by 7% to EUR 3,133 (2,929) million. This rise is attributable to the growth in lending and savings. The interest margin was under pressure during the first half year owing to fierce competition on the savings and mortgage markets.

Commission up 17%

Commission went up EUR 151 million to EUR 1,020 million, an increase of 17%, mainly from higher commission realised on securities and insurance activities.

Other income

Results on financial transactions were up EUR 64 million to EUR 133 million, with the results on derivative transactions accounting for a significant part of the increase. The income from securities and participating interests amounted to EUR 229 (109) million, virtually all of which was attributable to the change in accounting policy at Interpolis. See "Management Discussion and Analysis of Financial Condition and Results of Operation – Changes in Accounting Policies". Other income went up to EUR 399 (375) million, which includes the underwriting results of Interpolis.

Expenses

Operating expenses rose during the reporting period by 12% to EUR 3,260 (2,920) million, 2% being attributable to acquisitions, 6% to one-off expenses related to provisions and 4% to an organic rise in costs.

Staff costs up 6%

Staff costs rose in the first six months by 6% to EUR 1,928 (1,822) million. The increase is attributable in part to wage increases and higher bonus reserves for wholesale banking. Rabobank Group employed 50,594 FTEs at June 30, 2004, compared with 50,849 at December 31, 2003.

Other administrative expenses up 25%

Other administrative expenses rose by 25% to EUR 1,155 (921) million, largely attributable to provisions. Most of the additions to provisions concern the reorganisations within Rabobank Nederland, the amount involved being EUR 120 million.

Value adjustments to receivables

The addition to the provision for doubtful debts is recognised under value adjustments to receivables. The addition is determined on a general basis from the long-term weighted average of the actual losses expressed as a percentage of the outstanding loans, with the most recent years given the highest weightings. For the first six months, EUR 275 million was added to the provision, the same amount as for the same period of the previous year. The addition as a percentage of the average risk-weighted assets used in banking activities (calculated on an annual basis) improved by 3 basis points to 30 basis points compared with 2003. Value adjustments to financial fixed assets amounted to EUR -12 (-50) million.

Operating profit before taxation up 15%

Rabobank Group's operating profit before taxation totalled EUR 1,391 (1,206) million for the first half of 2004, a rise of 15% compared with the same period of 2003.

Net profit up 12%

After deduction of tax of EUR 411 (347) million and allowing for third-party interests of EUR 155 (125) million, net profit amounts to EUR 825 (734) million, representing an increase of 12%.

Operating result by group unit

Retail banking

With an increase in operating profit before taxation of 24%, retail banking performed well. The increase of EUR 156 million to EUR 797 million is mainly attributable to a rise in income by 10% to EUR 2,617 (2,384) million. Operating expenses increased by 4% to EUR 1,694 (1,635) million. The increased income mainly relates to higher interest income and commission. The growth in interest income was slightly below the growth in loans owing to a tighter interest rate margin. The rise in operating expenses largely represents other administrative expenses. Staff costs were virtually unchanged, partly owing to a drop in the number of FTEs by just under 2%. Value adjustments to receivables increased by EUR 18 million to EUR 126 million.

Wholesale banking

Wholesale banking reported an operating profit before taxation of EUR 464 (387) million for the first half year, an increase of 20%. The increase was partly thanks to lower risk-related costs and a 34% downward value adjustment of receivables to EUR 82 (125) million. Moreover, the contribution by value adjustments of financial fixed assets to the result was a gain of EUR 12 million, whereas this was a loss of EUR 43 million for the first half of 2003. Income rose slightly by 6% to EUR 1,058 (994) million. In contrast, operating expenses rose by 19% to EUR 524 (439) million, mainly owing to an increase in one-off costs and to the acquisitions of the previous year that are now fully included in the figures. Country banking activities reported a good result, despite a tighter interest rate margin. The gross profit of Corporate Clients was down on the previous year, nor did Corporate Finance match the good result it had achieved in 2003. Early in 2004, Rabobank Group reached a final settlement with Royal Bank of Canada regarding a claim connected with a swap transaction for Enron, the nowadays bankrupt energy group.

Asset management

Asset management activities produced an operating profit before taxation of EUR 80 million for the first six months compared with EUR 85 million for the same period of 2003. One-off income items, such as gains on financial transactions, were down on the previous year. In addition, a one-off expense of EUR 10 million was recognised, relating to Robeco Group's spread results for 2003. It has been agreed with the Netherlands Authority for the Financial Markets that spread results will be taken to the investment funds.

Insurance

The operating profit before taxation, which represents the result on operating activities and on investments, amounted to EUR 126 million for the first half year compared with EUR 75 million for the same period of 2003. The result on operating activities was up EUR 26 million to EUR 101 million, mainly owing to good underwriting results on non-life business. The profit on investments also grew steeply, climbing from EUR 1 million to EUR 25 million.

Leasing

With an increase in operating profit of 14% to EUR 100 (88) million, leasing activities performed well in the first half of 2004. The increase is mainly attributable to higher interest income, lower risk-related costs and the acquisition of Telia Finans AB. The lower risk-related costs were achieved for a growing volume of lending.

Real estate

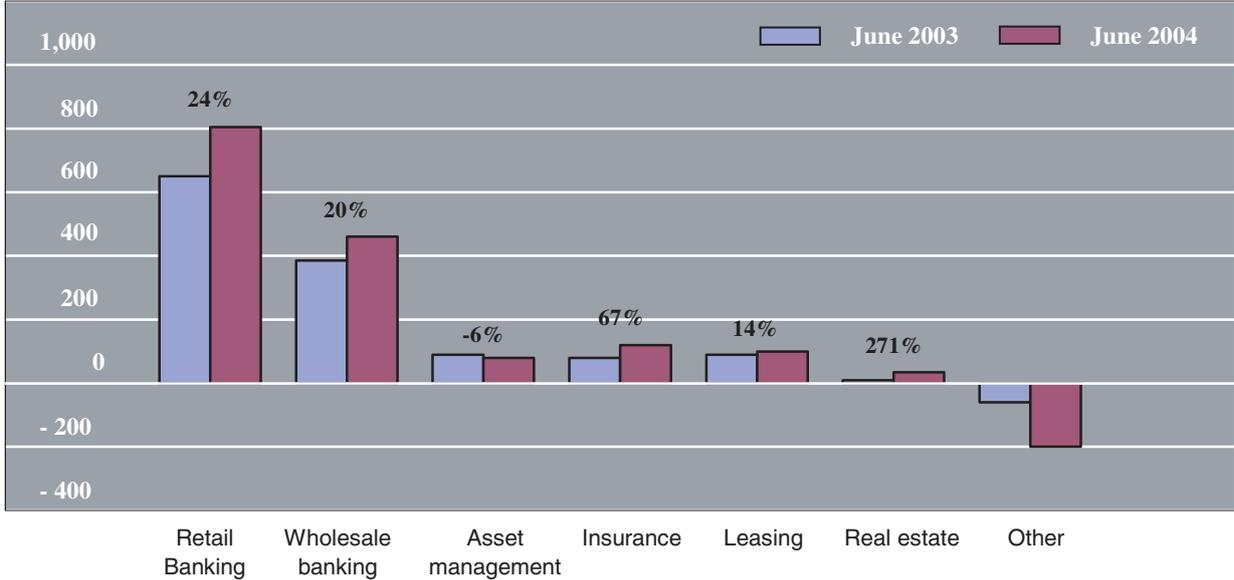
The new group unit Real estate achieved an operating profit before taxation of EUR 37 million for the first half of 2004.

Other units

The combined result before taxation of the Group units included under Other fell by EUR 139 million to produce a loss of EUR 212 million. The sharp decline is mainly due to the additions to provisions.

Operating result before taxation by Group unit

(in EUR millions)



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