



Rabobank Nederland

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

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

Euro 110,000,000,000 Global Medium-Term Note Programme Due from seven days to perpetuity

Under the Global Medium-Term Note Programme described in this Offering Circular (the 'Programme'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland', the 'Bank' or the 'Issuer'), may through its head office or through its branches listed above, subject to compliance with all relevant laws, regulations and directives, from time to time issue Global Medium-Term Notes (the 'Notes'). References herein to the 'Issuer' shall mean Rabobank Nederland, whether issuing Notes through its head office or through its branches listed above.

The branches through which Rabobank Nederland may issue Notes are Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch ('Rabobank Australia Branch') and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch ('Rabobank Singapore Branch'). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 110,000,000,000 (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).

This Offering Circular is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the 'Prospectus Directive') and the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and regulations thereunder (together 'Dutch securities laws') and has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or 'AFM'), in its capacity as competent authority under Dutch securities laws, in accordance with the provisions of the Prospectus Directive and Dutch securities laws on May 8, 2009. Application will be made for Notes issued under the Programme within 12 months of this Offering Circular to be admitted to trading on Euronext Amsterdam N.V.'s Euronext Amsterdam by NYSE Euronext ('Euronext Amsterdam') and to be admitted to the official list of the Luxembourg Stock Exchange (the 'Official List') and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the 'Luxembourg Stock Exchange'). Euronext Amsterdam and the regulated market of the Luxembourg Stock Exchange are regulated markets for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. References in this Offering Circular to Notes being 'listed' (and all related references) shall mean that such Notes have been admitted to trading on a regulated market. Notes may also be listed on another stock exchange and unlisted Notes may also be issued under the Programme. The relevant final terms to this Offering Circular (the 'Final Terms') in respect of the issue of any Notes will specify whether such Notes will be listed on Euronext Amsterdam or the Official List (or any other stock exchange) or whether the Notes will not be listed. In relation to each separate issue of Notes, the price and amount of such Notes will be determined by the Issuer and the relevant Dealers in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms.

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). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ('NGN') form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the 'Common Safekeeper') for Euroclear Bank S.A./N.V. ('Euroclear') and Clearstream Banking, *société anonyme* ('Clearstream, Luxembourg').

Global Notes which are not issued in NGN form ('classic global notes' or 'CGNs') and Certificates will be deposited on the issue date of the relevant Tranche either with (a) a common depositary for Euroclear and Clearstream, Luxembourg (the 'Common Depositary') or (b) such other clearing system as agreed between the 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 Final Terms, 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 the Common Depositary 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 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 ('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) the Common Depositary on behalf of Euroclear and Clearstream, Luxembourg or (b) a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

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'.

Senior Notes (as defined in the 'Terms and Conditions of the Notes') issued under the Programme have been rated AA+ by Fitch Ratings Ltd. Senior long-term Notes have been rated Aaa by Moody's Investors Service Ltd. ('Moody's') and 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 and will be specified in the relevant Final Terms. 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.

Factors which may affect the ability of the Issuer to fulfil its obligations under the Programme and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out on pages 8 to 15.

This Offering Circular supersedes and replaces the Offering Circular dated May 13, 2008.

Arranger for the Programme

Credit Suisse

Dealers

Rabobank International

BNP PARIBAS

Credit Suisse

Goldman Sachs International

Merrill Lynch International

Morgan Stanley

Barclays Capital

Citi

Daiwa Securities SMBC Europe

J.P. Morgan

Mizuho International plc

Nomura International

UBS Investment Bank

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a 'Relevant Member State') will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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 Issuer or any of the Dealers or the Arranger (as defined in 'General Description of 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 Issuer 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 Issuer 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 Final Terms 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 Final Terms come are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes 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 'Regulation S').

All figures in this Offering Circular have not been audited, unless stated otherwise. These figures are internal figures of Rabobank Nederland or Rabobank Group.

Unless the context otherwise requires, references in this Offering Circular to 'Rabobank Nederland', the 'Bank' or the 'Issuer' are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and references to the 'Rabobank Group' or 'Rabobank' are to Rabobank Nederland and its members, subsidiaries and affiliates. References herein to the 'Issuer' shall mean Rabobank Nederland, whether issuing Notes through its head office or through Rabobank Australia Branch or Rabobank Singapore Branch.

Your attention is drawn to the important information on pages 16 to 19.

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SUMMARY

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference, by any investor. The Issuer has civil liability in respect of this summary if it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in an EEA State, the claimant may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.

Rabobank

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. It comprises 153 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 45 countries. Its operations include domestic retail banking, wholesale and international retail banking, asset management and investment, leasing and real estate. It serves approximately 9.5 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food & agri. The Rabobank Group entities have strong internal relationships due to Rabobank's cooperative structure.

Rabobank Group has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981) and Moody's (Aaa since 1981). In terms of Tier I capital, Rabobank Group is among the world's 20 largest financial institutions.

Rabobank Group's cooperative core business comprises independent local Rabobanks. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With approximately 1,100 branches and nearly 3,100 cash-dispensing machines, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 7.5 million clients, both private and corporate, offering a comprehensive package of financial services.

Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) ('Rabobank International') is Rabobank Group's wholesale bank and international retail bank.

At December 31, 2008, the Rabobank Group had total assets of € 612.1 billion, a private sector loan portfolio of € 408.6 billion, amounts due to customers of € 304.2 billion, savings deposits of € 114.7 billion and equity of € 33.5 billion. At December 31, 2008, its Tier I ratio, which is the ratio between core capital and total risk-weighted assets, was 12.7%. For the year ended December 31, 2008, the Rabobank Group's efficiency ratio was 65.3%, and return on equity, or net profit expressed as a percentage of core capital, was 9.7%. For the year ended December 31, 2008, the Rabobank Group realised a 2% rise in net profit to € 2.8 billion and a risk-adjusted return on capital ('RAROC'), of 12.5% after tax. At December 31, 2008, the Rabobank Group had 60,568 full-time employees.

Objectives

According to article 3 of its articles of association, the objective 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 labour 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 Financial Supervision Act (*Wet op het financieel toezicht*); and (vi) doing

all such other things as may be regarded as being incidental or conducive to the attainment of the objectives specified above.

Market shares in the Netherlands

As an all-finance service provider, Rabobank Group offers a comprehensive package of financial products and services.

Residential mortgages: At December 31, 2008, the Rabobank Group had a market share of approximately 30% of new home mortgages in the Dutch mortgage market by value (source: Dutch Land Registry Office (*Kadaster*)).

Savings deposits of individuals: At December 31, 2008, the Rabobank Group had a market share of approximately 43% of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)).

Lending to small and medium-sized enterprises: At December 31, 2008, the Rabobank Group had a market share of approximately 39% of domestic loans to the trade, industry and services sector (source: measured by Rabobank's own surveys).

Agricultural loans: At December 31, 2008, the Rabobank Group had a market share of approximately 84% of loans and advances made by banks to the Dutch primary agricultural sector (source: measured by Rabobank's own surveys).

Asset quality record

In 2008 Rabobank's bad debt costs were 31 basis points of average lending, which is higher than the long-term average of 21 basis points. This ratio provides an indication of the probability of loan losses and reflects Rabobank Group's favourable credit risk profile.

At December 31, 2008, economic country risk exposure to non-OECD countries represented 3.1% of the Rabobank Group's total assets. Having taken into account country risk-reducing components, net country risk before provisions amounted to 1.2% of Rabobank'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. At December 31, 2008, Rabobank's Tier I ratio was 12.7%.

Form of Notes

The Notes may be issued in bearer form only, in bearer form exchangeable for Registered Notes or in registered form only.

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer 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, Notes may be issued with any maturity between seven days and perpetuity.

Denomination

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms.

Redemption

The Final Terms will specify the basis for calculating the redemption amounts payable, which may be by reference to stock, index or formula or as otherwise provided in the relevant Final Terms. Where the basis for calculating the redemption amounts or interest payable is by reference to stock, the Final Terms may also provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the stock or the issuer of the stock or the Issuer's and/or its Affiliates' (as defined further in 'Terms and Conditions of the Notes') related hedging arrangements. Furthermore, where the basis for calculating the redemption amounts or

interest payable is by reference to an index, the Final Terms may provide for the Notes to be adjusted on the occurrence of certain specified events affecting the index or its sponsor and the Final Terms may also provide for the Notes to be adjusted or redeemed on the occurrence of disruptions to the Issuer's and/or its Affiliates' related hedging arrangements. Where the basis for calculating the redemption amounts or interest payable is by reference to a formula or other variable, the Final Terms may also provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the underlying economic exposure of such formula or other variable or the Issuer's or its Affiliates' related hedging arrangements. In each case, the basis for adjustment or redemption is as more fully set out under 'Terms and Conditions of the Notes'.

Governing law

The laws of the Netherlands.

Listing

Euronext Amsterdam, the Luxembourg Stock Exchange, or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Risk factors

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. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. Material risks that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme include Rabobank Group's exposure to credit risk and credit losses, country risk, interest rate risk, funding and liquidity risk, market risk, currency risk, operational risks, business and general economic conditions, legal risk, tax risk and the effect of governmental policy and regulation. Material risks relating to the structure of a particular issuance of Notes may (depending on the terms of the particular issue) include that the market price of the Notes may be volatile, the Notes may not pay interest or the payment of interest may depend on the market value of other securities, payment of principal or interest may occur at a different time or in a different currency than expected and payment of principal may be in an amount less than the nominal amount of the Notes or even zero. Please see the section 'Risk Factors'.

SUMMARY FINANCIAL INFORMATION

The following unaudited table presents certain historical consolidated financial information for the Rabobank Group as well as certain selected operating information about 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 three-year key figures at and for the years ended December 31, 2008, 2007 and 2006 have been derived from the corresponding Rabobank financial statements, which have been audited by Ernst & Young Accountants LLP, the independent auditor in the Netherlands ('Ernst & Young'). The Rabobank audited consolidated financial statements for 2008, 2007 and 2006 have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union.

<i>(in millions of euros, except percentages)</i>	2008	2007	2006
Volume of services			
Total assets	612,120	570,491	556,455
Private sector loan portfolio	408,620	355,973	324,110
Amounts due to customers	304,214	276,610	234,917
Assets managed and held in custody	183,600	231,800	219,300
Financial position and solvency			
Equity	33,459	31,409	29,377
Tier I capital ¹	30,358	28,518	26,391
Qualifying capital ¹	30,912	29,190	27,114
Risk-weighted assets ¹	238,080	266,573	247,458
Profit and loss account			
Total income	11,652	11,022	10,049
Operating expenses	7,611	7,663	6,887
Value adjustments	1,189	266	450
Taxation	98	397	367
Net profit	2,754	2,696	2,345
Ratios			
Tier I ratio ¹	12.7%	10.7%	10.7%
BIS ratio ¹	13.0%	10.9%	11.0%
Net profit growth	2%	15%	13%
Return on equity	9.7%	10.2%	9.4%
Efficiency ratio	65.3%	69.5%	68.5%

Note:

(1) Data for 2006 and 2007 are based on Basel I requirements and data for 2008 have been based on the Basel II requirements with effect from January 1, 2008.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies, which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Business and general economic conditions

The profitability of the Rabobank Group could be adversely affected by a continued worsening of general economic conditions in the Netherlands or globally. The financial crisis which started in the second half of 2007 affects all banks, particularly in respect of funding due to the liquidity shortage. Factors such as interest rates, inflation, deflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices can significantly affect the activity level of customers and the profitability of the Rabobank Group. For example, the continuing economic downturn, or significantly higher interest rates, could adversely affect the credit quality of the Rabobank Group's assets by increasing the risk that a greater number of its customers would be unable to meet their obligations. Moreover, the market downturn and worsening of the economy could cause the Rabobank Group to incur further mark-to-market losses in its trading portfolios or could reduce the fees the Rabobank Group earns for managing assets or the levels of assets under management. In addition, the continuing market downturn and increased competition for savings in the Netherlands could lead to a decline in the volume of customer transactions that the Rabobank Group executes and, therefore, a decline in customer deposits and the income it receives from fees and commissions and interest. See 'Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors affecting results of operations – General market conditions' and '– Impact of the financial crisis'. Continuing volatility in the financial markets or a protracted economic downturn in the Netherlands or the Rabobank Group's other major markets could have a material adverse effect on the Rabobank Group's results of operations.

Credit risk

Credit risk is the risk that a client defaults on its obligations to pay sums due. In order to minimise this risk, Rabobank Group pursues a prudent policy for accepting new clients, characterised by careful assessment of clients and their ability to make repayments. Rabobank's Group grants loans only if it is expected that a client can fully meet its obligations. Rabobank's portfolio is divided across a large number of business sectors. This creates a large and balanced risk diversification, so that the quality of the credit loan portfolio should not significantly deteriorate if one or more business sectors go through a difficult period or are adversely affected by the current economic recession. Approval of larger financing applications is decided on by various committees, the level of the applicable committee depending on the amount of total exposure including the requested financing. The Executive Board decides on the largest financing applications.

EAD (Exposure at Default), PD (Probability of Default) and LGD (Loss Given Default) are important Basel II parameters that are increasingly being used in the context of credit risk management, and it is partly on these parameters that Rabobank Group determines the economic capital and the RAROC (Risk-Adjusted Return On Capital).

The use of Basel II parameters and RAROC supports credit analysts and credit committees in making well-considered decisions. Every entity of Rabobank Group has determined a RAROC

target at customer level. Next to credit quality, this is an important factor in taking decisions on specific credit applications. The EAD is defined as the Bank's exposure to the client in the case of a default. At the end of 2008, the EAD of Rabobank Group's credit portfolio amounted to € 515 billion (2007: € 465 billion). The EAD includes the potential future usage of unused credit lines. In its financing approval process, Rabobank Group uses the Rabobank risk rating, which reflects the counterparty's PD over a one-year period. Counterparties have been assigned to one of 25 rating classes, including four default ratings. The final four categories are used if the customer defaults, and cover situations varying from payment arrears of 90 days to bankruptcy.

As a result of Rabobank Group's high level of diversification, it has not experienced major fluctuations in its levels of profitability in the past. However, the current economic downturn may result in loan losses that are above Rabobank Group's long-term average, which could have a material adverse effect on the Rabobank Group's results of operations.

Bad debt costs/average private sector lending ratio

At Rabobank Group level, the average for bad debt costs as a percentage of private sector lending during the past 10 years was 21 basis points, while for 2008 it was 31 basis points. For the wholesale and international retail banking operations, the bad debt costs as a percentage of private sector lending increased from 2 basis points in 2007 to 93 basis points in 2008, mainly due to the adverse conditions in the financial markets. The Irish real estate sector was particularly affected in 2008. The financing provided by the Rabobank Group's wholesale and international retail banking operations to this sector had a significant impact on bad debt costs. For the domestic retail operations, this ratio increased from 6 basis points in 2007 to 8 basis points in 2008. The ratio for the leasing portfolio increased from 61 basis points in 2007 to 64 basis points in 2008. Continuing adverse financial conditions in the Netherlands or the Rabobank Group's other major markets could further increase the Rabobank Group's bad debt costs, which could have a material adverse effect on the Rabobank Group's results of operations.

Country risk

With respect to country risk, a distinction is made between transfer risk and collective debtor risk. Transfer risk relates to the possibility of foreign governments placing restrictions on funds transfers from debtors in that country to creditors abroad. Collective debtor risk relates to the situation in which a large number of debtors in a country cannot meet their commitments for the same reason (e.g. war, political and social unrest or natural disasters, but also government policy that does not succeed in creating macro-economic and financial stability). Rabobank Group uses a country limit system to manage transfer risk and collective debtor risk. After careful review, relevant countries are given an internal country risk rating, after which transfer limits and general limits are established.

Transfer limits are determined according to the net transfer risk, which is defined as total loans granted, less loans granted in local currency, less guarantees and other collateral obtained to cover transfer risk, and less a reduced weighting of specific products. The limits are allocated to the offices, which are themselves responsible for day-to-day monitoring of the loans granted by them and for reporting on this to Group Risk Management.

At Rabobank Group level, the country risk outstanding, including additional capital requirements and provisions for country risks, is reported every quarter to the Balance Sheet and Risk Management Committee Rabobank Group ('BRMC-RG') and the Country Limit Committee. The calculation of additional capital requirements and provisions for country risk are made in accordance with internal guidelines and concern countries with a high transfer risk.

At 31 December 2008, the net transfer risk before provisions for non-OECD countries was 1.2% (2007: 1.2%).

Interest rate risk

An important risk component for Rabobank Group is interest rate risk. Interest rate risk is the risk, outside the trading environment, of deviations in interest income and/or the market value of capital as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates change, the rate for the liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of the assets, such as mortgages, which have longer interest rate fixation periods.

Funding and liquidity risk

Liquidity risk is the risk that not all (re)payment commitments can be met. This could happen if clients or other professional counterparties suddenly withdraw more funding than expected, which cannot be met by the Rabobank Group's cash resources or by selling or pledging assets or by borrowing funds from third parties.

In addition to having a diversified funding base, maintaining appropriate levels of central bank-eligible collateral and limiting net cash outflows, methods of managing and measuring liquidity risk include the CA/CL method (Core Assets/Core Liabilities). This analysis is based on the cash flow schedule of assets and liabilities. A quantification is made of the assets (and unused facilities) and liabilities that will probably still be or come onto the balance sheet after a defined stress scenario has taken place. These remaining assets and liabilities are referred to as Core Assets and Core Liabilities respectively. The CA/CL ratio is the liquidity ratio. Given the weightings used, a ratio of below 1.2 is considered adequate. In 2008, this was the case for the scenarios used.

Market risk

Market risk relates to changes in the value of the trading portfolio as a result of price movements in the market. Price changes include prices of interest rate products (interest rate), equities, currencies, certain commodities, credit products and derivatives. The exposure is calculated and consolidated on a daily basis and managed using a sophisticated system of limits. At a consolidated level, the exposure is expressed by the 'Value at Risk'. This measure, based on historic market developments, indicates the maximum loss that Rabobank Group can suffer subject to a certain confidence level and in 'normal' market conditions. The level of the Value at Risk reflects market developments and the positions taken by the Rabobank Group itself.

In order to understand the maximum potential risk, the effect of certain extreme events ('event risk') on the value of the portfolios is calculated. To this end, both actual and hypothetical scenarios are analysed. Sensitivity analyses are also used.

In 2008, the Value at Risk fluctuated between € 31 million and € 58 million, with an average of € 39 million. Although positions were reduced, the instability in the financial markets in the latter half of 2008 resulted in a substantial rise in the Value at Risk. The value of the Rabobank Group's trading portfolio is affected by the factors above. A deterioration in the value of the Rabobank Group's trading portfolio could have a material adverse effect on the Rabobank Group's results of operations.

Currency risk

Currency risk positions can be found in both trading and non-trading books. As is the case with other market risks, the currency risk in the trading books is controlled using Value at Risk limits. Currency risk in the non-trading books relates exclusively to the translation risk on capital invested in foreign activities and issues of trust preferred securities not denominated in euros. Translation risk is the risk that exists when assets or liabilities are denominated in a currency deviating from the presentation currency.

Operational risk

As a risk type, operational risk has acquired its own distinct position in the banking world. It is defined as 'the risk of losses resulting from failure of internal processes, people or systems or from external events'. Events of recent decades in modern international banking have shown on several occasions that ineffective control of operational risks can lead to substantial losses. Under the Basel II accord, banks must hold capital for this risk. Examples of operational risk incidents are highly diverse: fraud, claims relating to inadequate products, losses due to poor occupational health and safety conditions, errors in transaction processing, non-compliance with the law and system failures.

Legal risk

The Rabobank Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Rabobank Group is exposed to many forms of legal risk, which may arise in a number of ways. The Rabobank Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs

incurred will be recovered even if the Rabobank Group is successful. Although the Rabobank Group has processes and controls to manage legal risks, failure to manage these risks could impact the Rabobank Group adversely, both financially and in terms of reputation.

Tax risk

The Rabobank Group is subject to the tax laws of all countries in which it operates. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

Effect of governmental policy and regulation

The Rabobank Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the Netherlands, the European Union, the United States and elsewhere. Areas where changes could have an impact include (but are not limited to): the monetary, interest rate and other policies of central banks and regulatory authorities; changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Rabobank Group operates; changes and rules in competition and pricing environments; developments in the financial reporting environment; or unfavourable developments producing social instability or legal uncertainty which in turn may affect demand for the Rabobank Group's products and services. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

In 2008, several large commercial banks and financial institutions in the Netherlands, including ABN AMRO, Fortis Nederland, ING Group and SNS Reaal, received financial support from the Dutch government. This may affect the competitive environment in which the Rabobank Group operates in the Netherlands.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's Currency (as defined in 'Risks related to the market generally – Exchange rate risks and exchange controls');
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not

invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Equity Linked Notes, Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or to other factors (each, a 'Relevant Factor'). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies, which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest or principal;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable on redemption may be less than the nominal amount on such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified;
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield; and
- Notes may contain broad calculation agent discretions to interpret, change or redeem the Notes, where such discretions are not required to be exercised in the interests of Noteholders.

Index Linked Notes (as defined in the 'Terms and Conditions of the 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. Additionally, for Index Linked Notes, the Final Terms may provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the Index or the Sponsor (as defined in the 'Terms and Conditions of the Notes'). Furthermore, where Additional Disruption Events and Change in Law and/or Hedging Disruption and/or Increased Cost of Hedging are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of disruptions to, or certain specified events affecting, the Issuer's and/or its Affiliates' related hedging arrangements.

Equity Linked Notes differ from ordinary debt securities in that the amount of principal and/or interest payable by the Issuer will depend on the market value of the Underlying Securities (as

defined in (the 'Terms and Conditions of the Notes'). Additionally, where Potential Adjustment Event, Merger Event, Tender Offer and/or Nationalisation, Delisting or Insolvency (each as defined in the 'Terms and Conditions of the Notes') are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of certain specified events affecting the Underlying Security or the Company (as defined in the 'Terms and Conditions of the Notes') that has issued the Underlying Security. Furthermore, where Additional Disruption Events and Change in Law and/or Hedging Disruption and/or Increased Cost of Hedging are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of disruptions to, or events affecting, the Issuer's and/or its Affiliates' related hedging arrangements. If Dual Currency has been declared applicable in the relevant Final Terms, 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 Final Terms. The Noteholder may be exposed to currency risk in such event.

For Equity Linked Redemption Notes, where the Notes relate to Underlying Securities originally quoted, listed and/or dealt in as of the Issue Date (as defined in the 'Terms and Conditions of the Notes') in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, if such Underlying Securities are at any time after the Issue Date quoted, listed and/or dealt in exclusively in euro on the relevant Exchange, then the Notes will be subject to such adjustment as the Calculation Agent determines to be appropriate to preserve the economic terms of the Notes.

Partly Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions may be amended by the Issuer (i) for the purposes of curing any ambiguity or for curing, correcting or supplementing any defective provision contained therein or (ii) in any manner which the Issuer may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons (as defined in the 'Terms and Conditions of the Notes'), to all of which each holder of Notes, Receipts and Coupons shall, by acceptance thereof, consent. The Terms and Conditions also provide for the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14 of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from July 1, 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also with effect from July 1, 2005, a number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States, agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent (as defined in the 'Terms and Conditions of the Notes') following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The Terms and Conditions of the Notes are based on the laws of the Netherlands in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Netherlands or administrative practice after the date of this Offering Circular.

Minimum Specified Denomination

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of € 50,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of € 50,000 (or its equivalent) that are not integral multiples of € 50,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in the 'Terms and Conditions of the Notes'). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the 'Investor's Currency') other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. If the Notes are denominated in a currency other 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 a currency other than the currency in which the relevant Note is denominated. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

IMPORTANT INFORMATION

Responsibility statement

Rabobank Nederland, having taken all reasonable care to ensure that such is the case, confirms that, to the best of its knowledge, the information contained in this Offering Circular with respect to itself as well as with respect to the Rabobank Group taken as a whole and the Notes or otherwise is in accordance with the facts and does not omit anything likely to affect the import of such information. Rabobank Nederland accepts responsibility accordingly.

Where information has been sourced from a third party this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Documents incorporated by reference

This Offering Circular should be read and construed in conjunction with the relevant Final Terms and the following documents which have been previously published or are published simultaneously with this Offering Circular and that have been approved by the AFM or filed with it and shall be incorporated in, and form part of, this Offering Circular:

- (a) the articles of association of Rabobank Nederland, last amended on July 1, 2008;
- (b) the Terms and Conditions of the Rabobank Nederland Global Medium-Term Note programmes dated October 7, 2003, October 15, 2004, July 11, 2005, May 31, 2006, May 14, 2007 and May 13, 2008;
- (c) the consolidated financial statements of Rabobank Group for the years ended 31 December 2006 and 2007;
- (d) the non-consolidated financial statements of Rabobank Nederland for the years ended 31 December 2006, 2007 and 2008;

save that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Requests for such documents should be directed to the Issuer 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 the Netherlands of Rabobank International (as Euronext Amsterdam Listing Agent) for Notes listed on Euronext Amsterdam and from the principal office in England of the Arranger and of the Paying Agent in Luxembourg.

Supplemental offering circular

This Offering Circular is a base prospectus for purposes of the Prospectus Directive and Dutch securities laws and has been approved by the AFM on May 8, 2009 in accordance with the provisions of the Prospectus Directive and Dutch securities laws.

The Issuer has agreed, in connection with any 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. The Issuer will prepare a revised or supplemental Offering Circular setting out the changes in the operations and financial condition of the Issuer at least every year after the date of this Offering Circular and each subsequent offering circular.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in this Offering Circular or removal is necessary for the purpose of

allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes, the Issuer shall prepare and publish an amendment or supplement to this Offering Circular or a replacement 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.

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. 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 Final Terms 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 Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Notes 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 (excluding Rabobank International) have not separately verified the information contained in this Offering Circular. None of the Dealers (excluding Rabobank International) 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 the Issuer, the Dealers or the Arranger that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Prospective investors should have regard to the factors described under the section headed 'Risk Factors' in this Offering Circular. This Offering Circular does not describe all of the risks of an investment in 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 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 the issue of any tranche of a Series of Notes (a 'Tranche'), the Dealer or Dealers (if any) named as the stabilising manager(s) (the 'Stabilising Manager(s)') (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to 'U.S.\$', '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 'New Zealand Dollars' is to the lawful currency of New Zealand, 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.

Presentation of financial information

The audited consolidated financial statements for the years ended December 31, 2006, December 31, 2007 and December 31, 2008 and the corresponding summary figures contained in this Offering Circular have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU pursuant to EU Regulation No 1606/2002.

Change in accounting policies

As a result of changes in accounting policies and presentation, certain figures for the Rabobank Group as at and for the year ended December 31, 2007 in this Offering Circular have been restated. Actuarial gains or losses from adjustments to actual developments and modified actuarial assumptions are recognised using the corridor method. Insofar as unrecognised cumulative actuarial gains or losses exceed 10% of the higher of the present value of the gross obligation under the defined benefit plan or the fair value of the fund, such excess, as from January 1, 2008, is taken to profit or loss, spread over two years. Up until 2008, actuarial gains and losses were recognised over the expected average remaining years of service of the employees participating in the plan. The comparative figures have been restated accordingly and the positive effect on profit (after tax) and equity for 2007 amounted to € 34 million. The initial capital for 2007 was not affected. Furthermore, in 2007, € 477 million in value adjustments of available-for-sale financial assets was transferred to 'Net income from financial assets and liabilities at fair value through profit and loss'. Insofar as there were other reclassifications, the comparative figures have been restated. See Note 2 to the consolidated financial statements for the Rabobank Group for the year ended December 31, 2008.

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.

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 Issuer's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Issuer'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 Issuer 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 Issuer's present and future business strategies and the environment in which the Issuer will operate in the future.

The important factors that could cause the Issuer'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 Issuer 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, the Issuer 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 Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Special considerations

Index Linked Notes are not in any way sponsored, endorsed, sold or promoted by the Sponsor and the Sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Index and/or the figure at which the Index stands at any particular time on any particular day or otherwise. Each Index is calculated by a third party independent from the Issuer and, therefore, the Issuer will not accept any liability for any act or failure to act by the relevant Sponsor in connection with, among other things, the calculation, adjustment, maintenance or cancellation of the Index.

Equity Linked Notes are not in any way sponsored, endorsed, sold or promoted by the issuer of the Underlying Securities and the issuer of the Underlying Securities makes no warranty or representation whatsoever, express or implied, as to the future performance of the Underlying Securities.

The Issuer, including its branches and any group company, is acting solely in the capacity of an arm's length contractual counterparty and not as a purchaser's financial adviser or fiduciary in any transaction unless the Issuer has agreed to do so in writing.

A prospective purchaser may not rely on the Issuer, 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 and none of the Issuer nor the Dealers nor 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.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in 'Terms and Conditions of the Notes' below shall have the same meanings in this general description. The Bank may agree with any Dealer that Notes may be issued in a form other than that contemplated in 'Terms and Conditions of the Notes' herein, in which event (in the case of listed Notes only) a supplement to this Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The following general description is qualified in its entirety by the remainder of this Offering Circular.

Issuer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), including issuing through: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch
Description:	Global Medium-Term Note Programme
Date:	May 8, 2009
Size:	Up to Euro 110,000,000,000 (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 the Issuer in connection with its banking business.
Arranger:	Credit Suisse Securities (Europe) Limited
Dealers:	Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (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 plc Nomura International plc UBS Limited The Issuer 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 references to 'Dealers' are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent:	Deutsche Bank AG, London Branch

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 specifics 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 Final Terms.

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. 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 (i) a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg in the case of a temporary Global Note which is in CGN form and (ii) a Common Safekeeper for Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer in the case of a temporary Global Note which is in NGN form. 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 Final Terms, 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'. Only Rabobank Nederland may issue Bearer Notes in NGN 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 Depositary 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 Depositary 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 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'.

Clearing Systems:

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 Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes:

On or before the issue date for each Tranche, if the relevant Global Note representing Bearer Notes or Exchangeable Bearer Notes is an NGN, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the Issue Date for each Tranche, if the relevant Global Note representing Bearer Notes or Exchangeable Bearer Notes is a CGN, 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 Depositary 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 Issuer 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.

Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms. Registered Notes will be in amounts of the denomination or integral multiples thereof specified in the relevant Final Terms. 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 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 Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate and sold pursuant to Rule 144A, 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 Final Terms.
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 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to EURIBOR, LIBOR, LIBID or LIMEAN or (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin or (iii) using any other method of determination as may be provided in the Final Terms. Interest periods will be specified in the relevant Final Terms.
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 Final Terms.
Equity Linked Notes:	Payments of principal in respect of Equity Linked Redemption Notes or of interest in respect of Equity Linked Interest Notes will be calculated by reference to a single equity security or basket of equity securities on such terms as may be specified in the relevant Final Terms. Equity Linked Redemption Notes may be settled at maturity or otherwise by receipt by the Noteholder(s) of a Final Redemption Amount or by delivery of the Underlying Securities, in each case as specified in the relevant Final Terms.
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 a single index or basket of indices and/or formula on such terms as may be specified in the relevant Final Terms.
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 Final Terms.
Redemption:	The Final Terms 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 Final Terms.

Redemption by Instalments:

The Final Terms 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 Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

Optional Redemption:

The Final Terms 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 Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Status of Notes:

Unless otherwise agreed upon by the Issuer and the relevant Dealer or Dealers in respect of any issue as set forth in the relevant Final Terms, the Notes will constitute unsubordinated and unsecured obligations of the Issuer all as described in 'Terms and Conditions of the Notes'.

Subordination:

If the Issuer and the relevant Dealer or Dealers agree and so specify in the relevant Final Terms, and subject to compliance with all relevant laws, regulations and directives, the Notes may constitute subordinated and unsecured obligations of the Issuer.

Cross Default:

See 'Terms and Conditions of the Notes — Events of Default'.

Negative Pledge:

In respect of Senior Notes only, see 'Terms and Conditions of the Notes — Negative pledge relating to the Senior Notes'.

Rating:

Senior Notes issued under the Programme have been rated AA+ by Fitch Ratings Ltd. Senior long term Notes issued under the Programme have been rated Aaa by Moody's and 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 and will be specified in the relevant Final Terms. 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 Issuer prior to maturity (i) for tax reasons, (ii) in the case of Equity Linked Notes, and the Notes so specify, for reasons affecting an Underlying Security or its Company, (iii) in the case of Index Linked Notes, for reasons affecting the Index or its Sponsor and (iv) in the case of Equity Linked Notes, Index Linked Notes and other Notes under which amounts payable may be determined by reference to a formula, and the Notes so specify, for reasons of disruption to, or increase in cost of, the Issuer's or its Affiliates' related hedging arrangements. 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 or Singapore, as the case may be, subject to the

exceptions and limitations as described in 'Terms and Conditions of the Notes — Taxation'.

Risk Factors:

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 the material risks relating to the Notes and to the Issuer is contained under the heading 'Risk Factors'.

Governing Law:

The laws of the Netherlands.

Listing:

Euronext Amsterdam, the 'Bourse de Luxembourg' of the Luxembourg Stock Exchange, or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Subscription Period:

If applicable, see the relevant Final Terms.

Effective Yield:

If applicable, see the relevant Final Terms.

Selling Restrictions:

United States, European Economic Area, United Kingdom, the Netherlands, Australia, Singapore, the Republic of France and Japan. See 'Plan of Distribution'.

For the purposes of Regulation S, Category 2 selling restrictions shall apply.

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 Final Terms 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' for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable. In the case of a distribution under Rule 144A, Notes will be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).

Transfer Restrictions:

There are restrictions on the transfer of Registered Notes offered and sold pursuant to Rule 144A. 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 Final Terms, 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 Final Terms (and subject to simplification by the deletion of non-applicable provisions) (the 'Conditions') 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 Part A of the relevant Final Terms. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. 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 May 8, 2009, between Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland' or the 'Issuer'), acting through its head office or through one of the following of its branches, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch ('Rabobank Australia Branch') and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch ('Rabobank Singapore Branch'), Deutsche Bank AG, London Branch 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 May 8, 2009 executed by the Issuer 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 'Principal Paying Agent', the 'Paying Agents' (which expression shall include the Fiscal Agent), the 'Registrar', the 'Exchange Agent', the 'Transfer Agents' and the 'Calculation Agent(s)' and 'Agent' shall mean any one of them. 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.

As used in these Conditions, 'Tranche' means Notes which are identical in all respects.

1 Definitions

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

'Additional Disruption Event' means Change in Law, Hedging Disruption, Increased Cost of Hedging, or any other Additional Disruption Event, in each case if specified in the relevant Final Terms.

'Affected Index' means, in respect of Index Linked Notes that relate to a Basket of Indices, an Index for which an Index Valuation Date or Averaging Date is affected by the occurrence of a Disrupted Day.

'Affected Security' means, in respect of Equity Linked Notes that relate to a Basket of Underlying Securities, an Underlying Security for which an Equity Valuation Date or Averaging Date is affected by the occurrence of a Disrupted Day.

'Affected Underlying Securities' has the meaning contained in Condition 7(f)(iii).

'Affiliate' means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person (for such purposes, 'control' of any entity or person means ownership of a majority of the voting power of the entity or person).

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

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

'Averaging Date' means each date specified as an Averaging Date in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day in the opinion of the Calculation Agent. If such day is a Disrupted Day, then:

- (i) in respect of an Index, the Averaging Date shall be determined in accordance with Condition 8(b)(ii); or
- (ii) in respect of an Underlying Security, the Averaging Date shall be determined in accordance with Condition 9(c)(ii).

'Basket' means, in respect of Index Linked Notes, a Basket comprised of each Index specified in the Final Terms in the relative weighting specified in the Final Terms, and in respect of Equity Linked Notes, a Basket comprised of each Underlying Security specified in the Final Terms in the relative proportion/number specified in the Final Terms.

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

'Broken Amount' means, in respect of any Interest Payment Date, the amount specified in the relevant Final Terms.

'Business Centre(s)' shall have the meaning given to it in the relevant Final Terms.

'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 Sydney 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').

'Calculation Amount' shall have the meaning given to it in the relevant Final Terms.

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

'Change in Law' means that, on or after the Issue Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Underlying Security (in the case of Equity Linked Redemption Notes) or any relevant security/commodity comprised in an Index (in the case of Index Linked Redemption Notes) or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

'Clearing System Business Day' means, in respect of a clearing system, any day on which such clearing system is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

'Company' means, in respect of an Underlying Security, the issuer of the Underlying Security specified as such in the relevant Final Terms.

'Control' shall have the meaning contained in Condition 14(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 or an Interest Accrual Period, the 'Calculation Period'):

- (i) if 'Actual/Actual' 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 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30; and

- (v) if '30E/360' or 'Eurobond Basis' is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30; and

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30

- (vii) if ‘Actual/Actual-ICMA’ 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.

‘Delisting’ means, in respect of an Underlying Security, that the Exchange announces that, pursuant to the rules of such Exchange, the Underlying Security ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) and such Underlying Security is no longer listed on an Exchange acceptable to the Issuer.

‘Delivery Agent’ means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) or, if different, as specified in the applicable Final Terms.

‘Delivery Day’ means, in respect of an Underlying Security, a day on which Underlying Securities comprised in the Underlying Security Amount may be delivered to Noteholders in the manner which the Calculation Agent has determined in its sole and absolute discretion to be appropriate.

'Delivery Expenses' means the expenses, including all costs, taxes, duties and/or expenses including stamp duty reserve tax and/or other costs, duties or taxes arising from or in connection with the delivery and/or transfer of any Underlying Securities Amount.

'Delivery Notice' means a written notice substantially in such form as the Issuer may determine, which must specify the name and address of the relevant Noteholder and the securities account in Euroclear, Clearstream, Luxembourg or other clearing system to be credited with the relevant Underlying Securities Amount and authorise the production of such notice in any applicable administrative or legal proceedings and copies may be obtained from any Agent.

'Determination Date' means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

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

'Disrupted Day' means (i) in respect of an Underlying Security or an Index, any Scheduled Trading Day on which (a) the Exchange fails to open for trading during its regular trading session, (b) any Related Exchange fails to open for trading during its regular trading session or (c) a Market Disruption Event has occurred and (ii) in respect of a Multi-Exchange Index, the Sponsor fails to publish the level of the Index.

'Disruption Cash Settlement Price' means, in respect of each Note, an amount in the Specified Currency equal to the fair market value of the Affected Underlying Securities less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

'Documents' shall have the meaning contained in Condition 14(c)(i)(a).

'DTC' shall mean the Depository Trust Company or any successor thereto.

'Early Closure' means (i) in respect of an Index, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day and (ii) in respect of an Underlying Security, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

'Equity Linked Interest Note' means a Note in respect of which the amount in respect of interest payable is calculated by reference to an Underlying Security and/or Underlying Securities and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

'Equity Linked Note' means an Equity Linked Interest Note or an Equity Linked Redemption Note.

'Equity Linked Redemption Note' means a Note in respect of which the amount in respect of principal payable is calculated by reference to an Underlying Security and/or Underlying Securities and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

'Equity Valuation Date(s)' means the date or dates specified as such in the relevant Final Terms or if that day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day in the opinion of the Calculation Agent. If such day is a Disrupted Day, then the Equity Valuation Date shall be determined in accordance with Condition 8(b)(i).

'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 13.

'Exchange' means:

- (i) in respect of any securities comprised in an Index, each exchange or quotation system, (from time to time) on which, in the determination of the Sponsor for the purposes of that Index, such securities are listed, such other stock exchange or quotation system specified in the relevant Final Terms or notified from time to time to Noteholders in accordance with Condition 17 and (in any such case) any successor to such exchanges or quotation systems or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); or
- (ii) in respect of an Underlying Security, each exchange or quotation system specified as such for such Underlying Security in the relevant Final Terms or notified from time to time to Noteholders in accordance with Condition 17 and any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Security has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Security on such temporary substitute exchange or quotation system as on the original Exchange).

'Exchange Business Day' means, in respect of an Underlying Security or an Index, as the case may be, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

'Exchange Disruption' means (i) in respect of an Underlying Security, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Underlying Security on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the Underlying Security on any relevant Related Exchange and (ii) in respect of an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion) the ability of market participants in general (a) to effect transactions in, or obtain market values for, in the case of a Multi-Exchange Index, any security comprised in the Index on any relevant Exchange or, in the case of any other Index, securities that comprise 20% or more of the level of the Index on any relevant Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

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

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

'Extraordinary Dividend' means, in respect of an Underlying Security, an amount specified or otherwise determined as provided in the relevant Final Terms. If no Extraordinary Dividend is specified or otherwise determined as provided in the relevant Final Terms, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent.

'Fixed Coupon Amount' shall have the meaning given to it in the relevant Final Terms.

'Fractional Amount' means any fractional interest in one Underlying Security to which a Noteholder would be entitled pursuant to Condition 7(f)(ii).

'Fractional Cash Amount' means, in respect of each Note and in respect of Underlying Securities of a Company, the amount in the Specified Currency (rounded to the nearest smallest transferable Unit of such currency, half such a unit being rounded downwards) determined by the Calculation Agent in its sole and absolute discretion in accordance with the following formula:

$$\text{Fractional Cash Amount} = (\text{the Reference Price} \times \text{Fractional Amount} \times \text{FX Rate}).$$

Where:

'FX Rate' means, in respect of an Underlying Security, the prevailing spot rate determined by the Calculation Agent in its sole and absolute discretion as the number of units of the Specified Currency that could be bought with one unit of the currency in which the relevant Underlying Security is quoted on the relevant Exchange on the relevant Valuation Date.

'Hedging Disruption' means the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Underlying Security and/or Index or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

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

'Increased Cost of Hedging' means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Underlying Security and/or Index or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

'Index' or 'Indices' means, subject to adjustment in accordance with Condition 9, the Index or Indices specified as such in the relevant Final Terms.

'Index Cancellation' means, in respect of an Index, that on or prior to any Valuation Date a relevant Sponsor cancels the Index and no Successor Index exists.

'Index Disruption' means, in respect of an Index, that on any Valuation Date the Sponsor fails to calculate and announce a relevant Index.

'Index Linked Interest Note' means a Note in respect of which the amount in respect of interest payable is calculated by reference to an Index and/or Indices and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

'Index Linked Note' means an Index Linked Interest Note and/or an Index Linked Redemption Note.

'Index Linked Redemption Note' means a Note in respect of which the amount in respect of principal payable is calculated by reference to an Index and/or Indices and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

'Index Modification' means, in respect of an Index, that on or prior to any Valuation Date a relevant Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and capitalisation and other routine events).

'Index Valuation Date(s)' means the date or dates specified as such in the relevant Final Terms or if that day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day in the opinion of the Calculation Agent. If such day is a Disrupted Day, then the Index Valuation Date shall be determined in accordance with Condition 9(c)(i).

'Insolvency' means by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceedings affecting, a Company, at any time (i) all the Underlying Securities of such Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Securities of such Company become legally prohibited from transferring them.

'Interest' shall have the meaning contained in Condition 11.

'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:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

'Interest Commencement Date' means the Issue Date or such other date as may be specified in the relevant Final Terms.

'Interest Determination Date' means, with respect to a Rate of Interest and Interest Accrual Period, the date specified in the relevant Final Terms 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 Payment Date' means the date on which interest for the relevant period falls due.

'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 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

'Market Disruption Event' means (i) in respect of an Underlying Security, the occurrence or existence on any Scheduled Trading Day of any Trading Disruption or an Exchange Disruption, which in either case the Calculation Agent determines in its sole and absolute discretion is material, or an Early Closure, and (ii) in respect of an Index, the occurrence or existence on any Scheduled Trading Day of a Trading Disruption or an Exchange Disruption, which in either case the Calculation Agent determines in its sole and absolute discretion is material, or an Early Closure, provided that, in the case of a Multi-Exchange Index, the securities comprised in the Index in respect of which a Trading Disruption, Exchange Disruption or an Early Closure occurs or exists amount, in the determination of the Calculation Agent, in aggregate to 20% or more of the level of the Index. For the purpose of determining whether a Market Disruption Event exists at

any time in respect of a security/commodity included in the relevant Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the relevant Index attributable to that security/commodity relative to (ii) the overall level of the relevant Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Calculation Agent.

'Merger Date' means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

'Merger Event' means, in respect of any Underlying Securities, any (i) reclassification or change of the Underlying Securities that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Securities outstanding, to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the relevant Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Underlying Securities of the relevant Company that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Securities (other than such Underlying Securities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Company or its subsidiaries with or into another entity in which such Company is the continuing entity and which does not result in a reclassification or change of all of such Underlying Securities outstanding but results in the outstanding Underlying Securities (other than Underlying Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Underlying Securities immediately following such event (a 'Reverse Merger'), in each case if the Merger Date is on or before the relevant Valuation Date.

'Multi-Exchange Index' means an Index in respect of which there is more than one Exchange.

'Nationalisation' means the event in which all the assets or substantially all the assets of a Company or the Underlying Securities of such a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

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

'Potential Adjustment Event' means, with respect to any Company, any of the following:

- (i) a subdivision, consolidation or reclassification of the relevant Underlying Securities (unless resulting in a Merger Event) or a free distribution or dividend of any such Underlying Securities to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Underlying Securities of (a) such Underlying Securities or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Securities or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Company as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by it in respect of any Underlying Securities that are not fully paid;
- (v) a repurchase by the Company or any of its subsidiaries of its Underlying Securities, whether out of profits or capital and whether the consideration for such repurchase is in cash, new shares, securities or otherwise;

- (vi) in respect of the Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent in its sole and absolute discretion, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- (vii) an adjustment to the settlement terms of listed contracts on any Underlying Security traded on a Related Exchange; or
- (viii) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Underlying Securities.

'Presentation Date' means the date specified in the relevant Final Terms.

'Principal' shall have the meaning contained in Condition 11.

'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 10(b)(ii).

'Reference Banks' means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

'Reference Level' means:

- (a) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on the Valuation Date (as defined below) and, if specified in the applicable Final Terms, without regard to any subsequently published correction; and
- (b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent at such Valuation Time) on the Valuation Date and, if specified in the applicable Final Terms, without regard to any subsequently published correction.

'Reference Price' means:

- (a) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Security, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Security quoted on the relevant Exchange and, if specified in the applicable Final Terms, without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless the Valuation Date is a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) and the closing fair market selling price (or the fair market

selling price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) for the Underlying Security determined, at the Calculation Agent's discretion, either by reference to the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Security or by reference to such other factors and source(s) as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

- (b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Securities, an amount equal to the sum of the values calculated for each Underlying Security as the official closing price (or the price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Security quoted on the relevant Exchange as determined by or on behalf of the Calculation Agent and, if specified in the applicable Final Terms, without regard to any subsequently published correction (or if, in the opinion of the Calculation Agent, no such official closing price (or price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless the Valuation Date is a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) for the Underlying Security determined, at the Calculation Agent's discretion, either by reference to the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) in the trading of the Underlying Security or by reference to such other factors and source(s) as the Calculation Agent shall decide). Each amount determined pursuant to the foregoing shall be converted, if the Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

'Reference Rate' means the rate specified as such in the relevant Final Terms.

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

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

'Related Exchange' means, in respect of an Underlying Security or Index, as the case may be, each exchange or quotation system (as specified in the relevant Final Terms or notified from time to time to Noteholders in accordance with Condition 17), if any, on which the Underlying Security or index, is traded or quoted, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Security or Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Security or Index on such temporary substitute exchange or quotation system as on the original Related Exchange) and as may be selected from time to time by the Calculation Agent, Provided That where 'All Exchanges' is specified as the Related Exchange in the relevant Final Terms, 'Related Exchange' shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Security or Index.

'Relevant Date' shall have the meaning contained in Condition 11.

'Relevant Screen Page' means such page, section, caption, column or other part of a particular information service as may be specified hereon.

'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').

'Reverse Merger' has the meaning given to it in the definition of Merger Event.

'Scheduled Closing Time' means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange and Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside the hours of the regular trading session.

'Scheduled Trading Day' means, (i) in respect of an Underlying Security or an Index (other than a Multi-Exchange Index), any day on which each Exchange and Related Exchange are scheduled to be open for trading for their respective trading sessions, and (ii) in respect of a Multi-Exchange Index, any day on which the Sponsor is scheduled to publish the level of the Index and each Related Exchange is scheduled to be open for trading for its respective trading session.

'Scheduled Valuation Date' means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

'Screen Rate Determination' means the manner in which the Rate of Interest is to be determined contained in Condition 6(b)(iii).

'Senior Note' means a Note specified as such in the relevant Final Terms.

'Settlement Disruption Event' means, in respect of any Series, (i) an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of (one of) the Underlying Securities comprised in any Underlying Securities Amount by or on behalf of the Issuer, in accordance with these Conditions and/or applicable Final Terms, is not reasonably practicable; or (ii) the existence of any prohibition or material restriction imposed by applicable law (or by order, decree or regulation of any governmental entity, stock exchange or self regulating body having jurisdiction), including prohibitions or restrictions resulting from action taken or not taken by the Issuer and/or any Affiliate of the Issuer on the ability of the Issuer or any of its Affiliates engaged in hedging transactions relating to the Underlying Securities to transfer the Underlying Securities or a particular class of Underlying Securities comprised in any Underlying Securities Amount.

'Solvency Rules' means the solvency rules pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) to which the Issuer is subject.

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

'Sponsor' means, in respect of an Index, the corporation or other entity specified as such in the relevant Final Terms.

'Subordinated Notes' means Tier 2 Notes, Tier 3 Notes and subordinated perpetual Notes.

'Substituted Debtor' shall have the meaning contained in Condition 14(c)(i).

'Successor Index' shall have the meaning contained in Condition 9(a).

'Successor Sponsor' shall have the meaning contained in Condition 9(a).

'TARGET Business Day' means a day on which the TARGET System is open for business.

'TARGET System' means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

'Tender Offer' means, in respect of any Underlying Security, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, more than 10% and less than 100% of the outstanding voting shares of the relevant Company, as determined by the Calculation

Agent, in its sole and absolute discretion, based upon the making of filings with governmental or self-regulatory agencies, or such other information as the Calculation Agent determines to be relevant.

'Tender Offer Date' means, in respect of a Tender Offer, the date on which voting shares in the amount of applicable thresholds are actually purchased or otherwise obtained, as determined by the Calculation Agent in its sole and absolute discretion.

'Tier 2 Notes' means Subordinated Notes which qualify as 'Tier 2 Capital' under the Solvency Rules.

'Tier 3 Notes' means Subordinated Notes which qualify as 'Tier 3 Capital' under the Solvency Rules.

'Trading Disruption' means (i) in respect of an Underlying Security, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Underlying Security on the Exchange or (b) in futures or options contracts relating to the Underlying Security on any relevant Related Exchange, and (ii) in respect of an Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) on any relevant Exchange(s) relating to (in the case of a Multi-Exchange Index) any security comprised in the Index or (in the case of any other Index) securities that compromise 20% or more of the level of the relevant Index or (b) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

'Underlying Securities' means the shares or other securities or different classes of shares or other securities specified as such in the relevant Final Terms.

'Underlying Securities Amount' means, subject to Conditions 7 and 8, in respect of each Note, the number of Underlying Securities so specified in the relevant Final Terms.

'Underlying Securities Delivery Date' means, in respect of an Underlying Security, subject to Condition 7, the Maturity Date or, if such day is not a Delivery Day, the first succeeding day that is a Delivery Day.

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

'Valid Date' means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

'Valuation Date' means each Equity Valuation Date, Index Valuation Date and Averaging Date, as applicable.

'Valuation Time' means, the time specified as such in the relevant Final Terms or if no such time is specified (i) in respect of an Underlying Security, the close of trading on the relevant Exchange in relation to that Underlying Security, or (ii) in respect of an Index the time with reference to which the Sponsor calculates the closing level of the Index or, in each case, such other time as the Calculation Agent may select and as notified to Noteholders by the Issuer in accordance with Condition 17. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

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

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 Specified 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 Equity Linked Interest Note, an Equity 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.

This Note is a Senior Note or a Subordinated Note, in each case as indicated in the relevant Final Terms.

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.

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 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), and '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).

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

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, or a partial redemption of, in respect 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 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 (as defined in the Agency Agreement) 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 (as the case may be).

(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 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 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 Status of Notes

(a) Senior Notes

The Senior Notes and the Receipts and Coupons relating to them constitute unsubordinated and (subject to Condition 5) unsecured obligations of the Issuer and such Senior 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 Issuer under the Senior Notes and the Receipts and Coupons relating to them 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 Issuer, present and future.

(b) Subordinated Notes

Subject to exceptions provided by mandatory applicable law, the payment obligations under each of the Subordinated Notes constitute unsecured obligations of the Issuer and shall, in case of (a) the bankruptcy of the Issuer; (b) a situation in which an 'emergency regulation' (*noodregeling*) as contemplated in paragraph 3.5.5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, (such situation hereinafter being referred to as a 'Moratorium') is applicable to the Issuer; or (c) dissolution (*ontbinding*) of the Issuer, rank:

- (i) subordinate and junior only to present and future unsubordinated indebtedness of the Issuer;
- (ii) *pari passu* amongst themselves and with any other present and future indebtedness which ranks by or under its own terms or otherwise, *pari passu* with the Subordinated Notes; and
- (iii) senior to any other present and future indebtedness which ranks by or under its own terms or otherwise, subordinate or junior to the Subordinated Notes.

By virtue of such subordination (i) payments to the holders of the Subordinated Notes will, in case of bankruptcy or dissolution of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after all payment obligations of the Issuer ranking senior to the Subordinated Notes have been satisfied, (ii) any right of set-off by the holder of any Subordinated Note in respect of any amount owed to such holder by the Issuer under or in connection with such Subordinated Note shall be excluded and (iii) each holder of a Subordinated Note shall, by virtue of being the holder of any Subordinated Note, be deemed to have waived all such rights of set-off.

5 Negative pledge relating to the Senior Notes

So long as any of the Senior Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement), the Issuer undertakes not to secure any of its other indebtedness, whether present or future, 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 5, 'Domestic Indebtedness' means the indebtedness as referred to under (a) above of the Issuer which is denominated or payable (at the option of any party) in euro unless 50% 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. The amount of interest payable shall be determined in accordance with Condition 6(j).

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

- (i) *Interest Payment Dates*: Each Floating Rate Note, Index Linked Interest Note and Equity 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. The amount of interest payable shall be determined in accordance with Condition 6(j). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, 'Interest Payment Date' shall mean each date which falls the number of months or other period specified in the relevant Final Terms as the Interest 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 in the relevant Final Terms and the provisions below relating to ISDA Determination, Screen Rate Determination or any other method of determination which may be provided in the relevant Final Terms shall apply if specified in the relevant Final Terms.

(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. 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 in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

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

- (x) 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 will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be

determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) 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 in the relevant Final Terms and interest will accrue by reference to an Index or a Basket of Indices or formula as specified in the relevant Final Terms.

(d) Rate of Interest on Equity Linked Notes

In the case of Equity Linked Notes, the Rate of Interest or amount of interest payable in respect of each Interest Accrual Period or on each Specified Interest Payment Date, as the case may be, shall be determined by reference to an Underlying Security or a Basket of Underlying Securities or formula in the manner specified in the relevant Final Terms.

(e) 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)).

(f) 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 the Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

(g) Partly Paid Notes

In the case of 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 in the relevant Final Terms.

(h) 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 6 to the Relevant Date (as defined in Condition 11).

(i) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding

- (i) If any Margin 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 paragraph (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin 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.

(j) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual 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 per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

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

The Calculation Agent shall as soon as practicable 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, determine such rate and calculate the Interest Amounts 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 Accrual 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 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 13, 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 6 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.

(l) Calculation Agent

The Issuer shall procure that there shall at all times be 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). 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 Accrual 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 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.

(m) Deferral of interest on Tier 3 Notes

If required under the Solvency Rules, notwithstanding anything to the contrary contained elsewhere in this Condition 6, interest on the Tier 3 Notes will not be payable on any Interest Payment Date if and to the extent that at the time of, or as a result of such payment the Issuer's actual Own Funds (as defined below) would amount to less than such percentage of the Issuer's required minimum amount of Own Funds as required under the Solvency Rules. Any interest in respect of the Tier 3 Notes not paid on an Interest Payment Date on which such interest would otherwise be payable will constitute arrears of interest ('Arrears of Interest') and will become payable and will be paid by the Issuer as soon as and to the extent that the Issuer will, after such payment has been made, meet the solvency test referred to in the previous sentence. Any Arrears of Interest will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which a Moratorium is declared in respect of the Issuer. Where any amount of interest or Arrears of Interest is not paid in full, each part payment shall be made *pro rata* to the Tier 3 Noteholders and shall be in respect of the interest accrued furthest from the date of payment. Any Arrears of Interest shall not themselves bear interest.

'Own Funds' means the amount of shareholders' and other funds which qualify as actual own funds (*toetsingsvermogen*) under the Solvency Rules.

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, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount. 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, 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, each Note shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided in these Terms and Conditions or in the relevant Final Terms, 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 13 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (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 specified in the relevant Final Terms, 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 13 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 (both before and after 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(d).

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 specified in the relevant Final Terms.

- (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 13, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) Redemption for taxation reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Note or an Equity Linked Note) or at any time (if this Note is neither a Floating Rate Note, an Index Linked Note nor an Equity Linked Note) (but subject to consent thereto having been obtained from the Dutch Central Bank (*De Nederlandsche Bank N.V.*) in the case of Subordinated Notes) 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 Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the Netherlands, in respect of any Issuer, Australia in respect of Rabobank Australia Branch 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 date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer 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 Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the

Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer 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*

If Call Option is specified in the relevant Final Terms, the 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 in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. 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 Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7.

In the case of a partial redemption, 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, 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.

(e) *Redemption at the option of Noteholders*

If Put Option is specified in the relevant Final Terms, the 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 Issuer (or such other notice period as may be specified in the relevant Final Terms), 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 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 Issuer.

(f) *Delivery of Underlying Securities*

- (i) If Physical Settlement is specified as applicable in the relevant Final Terms, the Notes will be redeemed by way of delivery of Underlying Securities and the Issuer will transfer, or procure the delivery by the Delivery Agent of, in respect of each Note, the Underlying Securities Amount to or to the order of the Noteholder (as specified by the Noteholder). In order to obtain delivery of the Underlying Securities Amount, the relevant Noteholder must deliver to any Paying Agent, on or before the Presentation Date, the relevant Note(s) and a duly completed Delivery Notice. No Delivery Notice may be withdrawn after receipt thereof by a Paying Agent. Any determination as to whether such notice has been properly completed and delivered shall be made by the relevant Paying Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder. If the relevant Note and the related Delivery Notice are delivered or are deemed to be delivered to any Paying Agent on a day that is not a Business Day, such Note and Delivery Notice shall be deemed to be delivered on the next following Business Day.

If the holder of a Note does not deliver the Note and a Delivery Notice, in each case as set out above, on or before the Presentation Date as provided above, then the Issuer shall have no obligation to make delivery of the Underlying Securities Amount in respect of such Note unless and until a duly completed Delivery Notice (together with the relevant Note) are each delivered as provided above and delivery of such Underlying Securities Amount shall be made as soon as possible thereafter but not earlier than the Underlying Securities Delivery Date.

All Delivery Expenses shall be for the account of the relevant Noteholder and no delivery and/or transfer of any Underlying Securities Amount shall be required to be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by such Noteholder.

For the avoidance of doubt, the relevant holder of a Note shall not be entitled to any additional or further payment by reason of the delivery of the Underlying Securities Amount in respect of such Note occurring after the Underlying Securities Delivery Date as a result of such Delivery Notice or Note being delivered after the Presentation Date.

The Issuer shall on the Underlying Securities Delivery Date, deliver or procure the delivery of the Underlying Securities Amount in respect of each Note to such account at Clearstream, Luxembourg, Euroclear or the other clearing system as may be specified in the relevant Delivery Notice at the risk and expense of the relevant Noteholder. As used herein, 'delivery' in relation to any Underlying Securities Amount means the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Underlying Securities Amount in accordance with the relevant Delivery Notice and 'deliver' shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of such Underlying Securities Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars, incompatible or incorrect information being contained in the Delivery Notice or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Underlying Securities comprising the Underlying Securities Amount or any interest therein by any Noteholder or any other person.

Noteholders should note that the actual date on which they become holders of the Underlying Securities comprising the Underlying Securities Amount will depend, among other factors, on the procedures of the relevant clearing systems and share registrar and the effect of any Settlement Disruption Events.

No Noteholder will be entitled to receive dividends or other distributions declared or paid in respect of the Underlying Securities to which such Note gives entitlement or to any other rights relating to or arising out of such Underlying Securities if the date on which the Underlying Securities are quoted ex-dividend or ex-the relevant right falls before the date on which the Underlying Securities are credited into the securities account of the Noteholder.

- (ii) Notes to be redeemed in accordance with this Condition 7 to the same Noteholder will be aggregated for the purpose of determining the Underlying Securities Amount to which such Notes give entitlement (and, for the avoidance of doubt, in the case of a Basket per particular class of Underlying Securities comprised in that Basket). The Noteholders will not be entitled to any interest or other payment or compensation if and to the extent that the delivery of the Underlying Securities Amount will take place after the earlier of the (a) Optional Redemption Date or (b) the Maturity Date (as specified in these Conditions). The number of Underlying Securities comprising the Underlying Securities Amount in respect of a Note will be calculated on the basis of the prevailing formula in the relevant Final Terms rounded down to the next whole integral number of Underlying Securities. Entitlement to the remaining fractions of Underlying Securities will be settled by payment of the Fractional Cash Amount in respect of those fractions rounded up to two decimals, as calculated by the Calculation Agent.

(iii) *Settlement Disruption*

If the Calculation Agent determines that delivery of any Underlying Securities Amount in respect of any Note by the Issuer in accordance with these Conditions is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the

Underlying Securities Delivery Date in respect of such Note shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder by mail addressed to it at the address specified in the relevant Delivery Notice or in accordance with Condition 17 provided that the Calculation Agent may determine in its sole discretion that the Issuer satisfy its obligations in respect of the relevant Note by delivering or procuring the delivery of such Underlying Securities Amount using such other commercially reasonable manner as it may select and in such event the Underlying Securities Delivery Date shall be such day as the Calculation Agent deems appropriate in connection with delivery of such Underlying Securities Amount in such other commercially reasonable and lawful manner. No Noteholder shall be entitled to any payment whether of interest or otherwise on such Note in the event of any delay in the delivery of the Underlying Securities Amount pursuant to this paragraph and no liability in respect thereof shall attach to the Issuer.

Where a Settlement Disruption Event affects some but not all of the Underlying Securities comprising the Underlying Securities Amount, the Underlying Securities Delivery Date for the Underlying Securities comprising such Underlying Securities Amount but not affected by the Settlement Disruption Event will be the originally designated Underlying Securities Delivery Date.

For so long as delivery of part or all of the Underlying Securities comprising the Underlying Securities Amount (the 'Affected Underlying Securities') in respect of any Note is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of physical delivery of the Affected Underlying Securities and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of each relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price on the third Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 17. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 17.

The Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 17 that a Settlement Disruption Event has occurred.

(g) *Redemption of Equity Linked Notes following Nationalisation, Delisting, Insolvency, Merger Event or Tender Offer*

If Nationalisation, Delisting, Insolvency, Merger Event or Tender Offer is specified as applicable in the relevant Final Terms and the Calculation Agent determines that any such event has occurred, the Issuer may, having given:

- (i) not less than 5 days' notice to the Noteholders in accordance with Condition 17; and
- (ii) not less than 7 days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent, redeem all, but not some only, of the Notes then outstanding on the date specified in the notice referred to in (i) above at the Early Redemption Amount specified in the relevant Final Terms together with, if so specified in the Final Terms, interest accrued to (but excluding) the date of redemption.

(h) *Redemption of Index Linked Notes following an Index Modification, Index Cancellation or Index Disruption Event*

If an Index Modification, Index Cancellation or Index Disruption Event occurs, the Issuer in its sole and absolute discretion may redeem all, but not some only, of the Notes at the Early Redemption Amount together with, if so specified in the applicable Final Terms, interest accrued to (but excluding) the date of redemption.

Any determination made that the Notes are to be redeemed in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17, together with the date of such redemption.

(i) Redemption of Equity Linked Notes and Index Linked Notes following an Additional Disruption Event

If Additional Disruption Events are specified as applicable in the relevant Final Terms and an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may redeem all, but not some only, of the Notes at the Early Redemption Amount, together with, if so specified in the applicable Final Terms, interest accrued to (but excluding) the date of redemption.

Any determination made that the Notes are to be redeemed in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17, together with the date of such redemption.

(j) Redemption for illegality

In the event that the Issuer determines in good faith that the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than ten (10) nor more than 30 days' notice to Noteholders in accordance with Condition 17 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(k) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the provisions specified hereon.

(l) Purchases

The Issuer and any of its subsidiaries (with the consent of the Dutch Central Bank in the case of Subordinated Notes) 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.

(m) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries (other than Bearer Notes purchased in the ordinary course of business of dealing in securities or in the name of another party) may be surrendered for cancellation and, in each case, if so surrendered, will be cancelled forthwith together with all Notes redeemed by the 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 Issuer in respect of any such Notes shall be discharged. Notes may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each Note, together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar.

(n) Deferral of principal of Tier 3 Notes

The principal of Tier 3 Notes will not be repayable on the due date thereof if and to the extent that at the time or as a result of such payment the Issuer's actual Own Funds (as defined in Condition 6(m)) would amount to less than such percentage of the Issuer's required minimum amount of Own Funds under the Solvency Rules. Any principal of Tier 3 Notes not paid on the date on which such principal would otherwise be payable will be paid by the Issuer and to the extent that the Issuer will meet the solvency test referred to in the previous sentence. Any arrears of principal will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which a Moratorium is declared in respect

of the Issuer. Where any amount of interest or principal is paid in part, each part payment shall be made *pro rata* to the Tier 3 Noteholders. Any arrears of principal shall continue to bear interest at the rate applicable to the relevant Tier 3 Notes.

(o) Condition to early redemption

Early redemption of the Subordinated Notes may only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank (*De Nederlandsche Bank N.V.*).

8 Provisions Applicable to Equity Linked Notes

The following provisions apply to Equity Linked Notes:

(a) Correction of an Underlying Security Price

If 'Correction of Underlying Security Prices' is specified as applying in the applicable Final Terms and the price of an Underlying Security published on the Equity Valuation Date or Averaging Date, as the case may be, is subsequently corrected and the correction (the 'Corrected Underlying Security Price') is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Underlying Security Price shall be deemed to be the closing price for such Underlying Security for the Equity Valuation Date or Averaging Date, as the case may be, and the Calculation Agent shall notify the Issuer and the Fiscal Agent of (a) that correction and (b) the amount of principal and/or interest (if any) that is payable as a result of that correction and as soon as reasonably practicable thereafter, the Issuer shall make payment of such amount in accordance with Condition 10.

(b) Disrupted Days

(i) If the Calculation Agent determines that any Equity Valuation Date is a Disrupted Day in respect of an Underlying Security, then:

(A) where the Notes are specified in the relevant Final Terms to relate to a single Underlying Security, the Equity Valuation Date in respect of that Underlying Security shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of that Underlying Security, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Equity Valuation Date in respect of that Underlying Security, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Price as its good faith estimate of the value for the Underlying Security as at the Valuation Time on that eighth Scheduled Trading Day; or

(B) where the Notes are specified in the relevant Final Terms to relate to a Basket of Underlying Securities, the Equity Valuation Date in respect of each Underlying Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Equity Valuation Date in respect of each Affected Security shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of the Affected Security unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day in respect of the Affected Security. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Equity Valuation Date in respect of the Affected Security, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Price of the Affected Security as its good faith estimate of the value for the Affected Security as at the Valuation Time on that eighth Scheduled Trading Day.

(ii) If the Calculation Agent determines that any Averaging Date is a Disrupted Day in respect of an Underlying Security, then:

(A) if 'Omission' is specified in the relevant Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Price. If no Averaging Date would occur through the

operation of this provision, then for the purposes of determining the Reference Price on the final Averaging Date, Condition 8(b)(i) will apply as if such Averaging Date were an Equity Valuation Date that was a Disrupted Day;

- (B) if 'Postponement' is specified in the relevant Final Terms, such Averaging Date shall be deferred in accordance with Condition 8(b)(i) as if it were an Equity Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Equity Linked Notes; or
- (C) if 'Modified Postponement' is specified in the relevant Final Terms, then:
 - (a) where the Notes are specified in the relevant Final Terms to relate to a single Underlying Security, the Averaging Date in respect of that Underlying Security shall be the first succeeding Valid Date if the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of that Underlying Security (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Price of one such Underlying Security as its good faith estimate of the value for the Underlying Security as at the Valuation Time on that eighth Scheduled Trading Day; or
 - (b) where the Notes are specified in the relevant Final Terms to relate to a Basket of Underlying Securities, the Averaging Date in respect of each Underlying Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date in respect of each Affected Security shall be the first succeeding Valid Date in respect of the Affected Security. If the first succeeding Valid Date in relation to an Affected Security has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date, then, (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of the Affected Security (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Price of the Affected Security as its good faith estimate of the value for the Affected Security as at the Valuation Time on that eighth Scheduled Trading Day.

(c) Consequences of a Potential Adjustment Event

If Potential Adjustment Event is specified as applicable in the relevant Final Terms, as soon as reasonably practicable following the occurrence of any Potential Adjustment Event, the Calculation Agent shall, in its sole discretion, determine (as soon as practicable thereafter) whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Underlying Security and, if so, the appropriate adjustment, if any, to be made to any of these Conditions (including without limitation to the Final Redemption Amount and/or Underlying Securities Amount) or the relevant Final Terms in relation to the Notes to account for the diluting or concentrative effect of such event or otherwise necessary to preserve the economic equivalent of the rights of the Noteholders under the Notes immediately prior to such event, such adjustment to be effective as of the date determined by the Calculation Agent (provided that no adjustments will be made to account solely for changes in volatility, except dividend, stock loan rate or liquidity).

In determining whether an adjustment should be made as a result of the occurrence of a Potential Adjustment Event, if options contracts or futures contracts on the Underlying Securities are traded on any stock exchange, the Calculation Agent may have regard

to, but shall not be bound by, any adjustment to the terms of the relevant options contract or futures contract made and announced by such stock exchange. Any adjustments made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

(d) Consequences of a Merger Event or Tender Offer

If a Merger Event or Tender Offer, as the case may be, is specified as applicable in the relevant Final Terms, and a Merger Event or Tender Offer occurs, then on, or after the relevant Merger Date or Tender Offer Date, as the case may be, the Calculation Agent shall:

- (i) (A) make such adjustment to the exercise, settlement, payment or any other terms of the Notes, as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event or Tender Offer, as the case may be, (provided that no adjustments will be made to account solely for changes in volatility, excepted dividends, stock loan rate or liquidity relative to the relevant Underlying Securities or to the Notes), which may, but need not be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer, as the case may be, by an options exchange to options on the relevant Underlying Securities traded on such options exchange, and (B) determine the effective date of any adjustment; or
- (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, then the Issuer shall redeem the Notes at their Early Redemption Amount as at the Merger Date or the Tender Offer Date, as the case may be, in accordance with Condition 7(g).

Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

(e) Consequences of a Nationalisation, Delisting or Insolvency

If Nationalisation, Delisting or Insolvency are specified as applicable in the relevant Final Terms then, if a Nationalisation, Delisting or Insolvency event occurs, as the case may be, the Issuer, in its sole and absolute discretion, may:

- (i) (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment to any one or more of the Final Redemption Amount and/or the Underlying Securities Amount and/or any other terms of these Terms and Conditions and/or the relevant Final Terms to account for the Nationalisation, Delisting or Insolvency event, as the case may be, and (B) determine the effective date of any adjustment. In determining whether an adjustment should be made as a result of the occurrence of a Nationalisation, Delisting or Insolvency, as the case may be, if options contracts or futures contracts on the Underlying Securities are traded on any stock exchange, the Calculation Agent may have regard to, but shall not be bound by, any adjustment to the terms of the relevant options contract or futures contract made and announced by such stock exchange. Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17; or
- (ii) redeem the Notes in accordance with Condition 7(g).

(f) Consequences of an Additional Disruption Event

If Additional Disruption Events are specified as applicable in the relevant Final Terms then, if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

- (i) (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment to any one or more of the Final Redemption Amount and/or the Underlying Securities Amount and/or any other terms of these Terms and Conditions and/or the relevant Final Terms to account for the Additional Disruption Event, and (B) determine the effective date of any adjustment; or
- (ii) redeem the Notes at their Early Redemption Amount in accordance with Condition 7(i).

Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

(g) *Adjustments for Equity Linked Redemption Notes in respect of Underlying Securities quoted in European Currencies*

In respect of Equity Linked Redemption Notes relating to Underlying Securities originally quoted, listed and/or dealt as of the Issue Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Underlying Securities are at any time after the Issue Date quoted, listed and/or dealt exclusively in Euro on the relevant Exchange or, where no Exchange is specified in the relevant Final Terms, the principal market on which those Underlying Securities are traded, then the Calculation Agent will adjust any one or more of the Final Redemption Amount and/or the Underlying Securities Amount and/or any of the other terms of these Terms and Conditions and/or the relevant Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition will affect the currency denomination of any payment obligation arising out of the Notes.

9 Provisions applicable to Index Linked Notes

The following provisions apply to Index Linked Notes:

(a) *Adjustments for Successor Sponsors and Successor Indices*

If the Index or one of the Indices is (i) not calculated and announced by the Sponsor but is calculated and published by a successor to the Sponsor (the 'Successor Sponsor') acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index or (iii) not in existence on or prior to the Valuation Date, but the Calculation Agent considers there to be in existence at such time an alternative index which, if substituted for the relevant Index, would materially preserve the economic equivalent of the rights of the Noteholders under the Notes immediately prior to such substitution, then the relevant successor Index (the 'Successor Index') will be deemed to be the Index so calculated and published by the Successor Sponsor or that successor or the alternative index, as the case may be.

(b) *Correction of an Index*

If Correction of an Index is specified as applying in the applicable Final Terms and the official closing level of an Index published on the Index Valuation Date or Averaging Date, as the case may be, is subsequently corrected and the correction (the 'Corrected Index Level') is published by the Index Sponsor or (if applicable) the Successor Sponsor prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Index Level shall be deemed to be the closing level of such Index for the Index Valuation Date or Averaging Date, as the case may be, and the Calculation Agent shall notify the Issuer and the Fiscal Agent of (a) that correction and (b) the amount of principal and/or interest (if any) that is payable as a result of that correction and as soon as reasonably practicable thereafter, the Issuer shall make payment of such amount in accordance with Condition 10.

(c) *Disrupted Days*

- (i) If the Calculation Agent determines that any Valuation Date is a Disrupted Day in respect of an Index, then:
 - (A) where the Notes are specified in the relevant Final Terms to relate to a single Index, the Index Valuation Date for such Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day for such Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (a) the eighth

Scheduled Trading Day shall be deemed to be the Index Valuation Date in respect of that Index, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day; or

- (B) where the Notes are specified in the relevant Final Terms to relate to a Basket of Indices, the Index Valuation Date in respect of each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Index Valuation Date in respect of each Affected Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of the Affected Index unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day in respect of the Affected Index. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Index Valuation Date in respect of the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Affected Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Affected Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day.
- (ii) If the Calculation Agent determines that any Averaging Date is a Disrupted Day in respect of an Index, then:
- (A) if 'Omission' is specified in the relevant Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Level. If no Averaging Date would occur through the operation of this provision, then for the purposes of determining the Reference Level on the final Averaging Date, Condition 9(c)(ii) will apply as if such Averaging Date were an Index Valuation Date that was a Disrupted Day;
 - (B) if 'Postponement' is specified in the relevant Final Terms, then such Averaging Date shall be deferred in accordance with Condition 9(c)(i) as if it were an Index Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Index Linked Notes; or
 - (C) if 'Modified Postponement' is specified in the relevant Final Terms:
 - (a) where the Notes are specified in the relevant Final Terms to relate to a single Index, the Averaging Date in respect of that Index shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (i) the eighth Scheduled Trading Day shall be deemed to be the

Averaging Date in respect of that Index (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or

- (b) where the Notes are specified in the relevant Final Terms to relate to a Basket of Indices, the Averaging Date in respect of each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date in respect of each Affected Index shall be the first Valid Date in respect of the Affected Index unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day in respect of the Affected Index. If the first succeeding Valid Date in relation to an Affected Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date, then (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of the Affected Index (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Affected Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Affected Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

(d) *Consequences of Index Modification, Index Cancellation and Index Disruption Event*

If the Calculation Agent determines in its sole and absolute discretion that an Index Modification, Index Cancellation or Index Disruption Event has occurred, then the Issuer may:

- (i) require the Calculation Agent to determine if such Index Modification, Index Cancellation or Index Disruption Event has a material effect on the Notes and, if so, the Rate of Interest, the Final Redemption Amount and/or any other relevant terms, using, in lieu of a published level of the relevant Index, the level of the relevant Index as at the relevant Valuation Time at the relevant Valuation Date, as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the relevant Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant stock exchange); or
- (ii) redeem the Notes at their Early Redemption Amount in accordance with Condition 7(h).

(e) *Consequences of an Additional Disruption Event*

If Additional Disruption Events are specified as applicable in the relevant Final Terms then, if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

- (i) (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment to any one or more of the Final Redemption Amount and/or any other terms of these Terms and Conditions and/or the relevant Final Terms to account for the Additional Disruption Event, and (B) determine the effective date of any adjustment; or
- (ii) redeem the Notes at their Early Redemption Amount in accordance with Condition 7(i).

Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

10 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 10(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 10(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 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 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).

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 10(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 10(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 10(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 specified by the payee with 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 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).
- (iii) Payments through DTC: Registered Notes, if specified in the relevant Final Terms, 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 (i) and (ii) above. 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 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 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 11. 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 Issuer and its respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any 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 Issuer 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, (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 European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer 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) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes, Index Linked Notes or Equity Linked Notes), they 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 12).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note, Index Linked Note or an Equity Linked 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 12).

(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' in the relevant Final Terms 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 Sydney 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.

11 Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer to the Principal Paying Agent 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 and Rabobank Singapore Branch), Australia (in the case of Rabobank Australia Branch) and 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 Issuer 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 (or in the case of Rabobank Australia Branch, Australia, or in the case of Rabobank Singapore Branch, Singapore) (each, as the case may be, a 'Relevant Taxing Jurisdiction');
- (ii) in a Relevant Taxing Jurisdiction of the Issuer (wherein and whereof the Issuer is obliged to withhold tax) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within such Relevant Taxing Jurisdiction in respect of such Note, Receipt or Coupon by reason of, or partly by reason of, such holder having some connection with the Relevant Taxing Jurisdiction of the Issuer other than by reason only of holding such Note 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 the 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 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;
- (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 Issuer and the relevant Dealer or Dealers in respect of any issue as set forth in the relevant Final Terms provide hereon that the Notes are Domestic Notes for the purpose of this Condition; or

- (viii) in relation to Notes issued by 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.

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 11.

12 Prescription

Claims against the Issuer 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.

13 Events of Default

If, in the case of an issue of Senior Notes, any of the following events (each an 'Event of Default') occurs or, in the case of an issue of Subordinated Notes, the event specified in (iv) occurs, the holder of any Note may by written notice to the Issuer at its specified office declare such Note to be forthwith due and payable, whereupon the Early Redemption Amount of such Note together (if applicable) 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 Issuer and provided that repayment of any Subordinated Note under this Condition will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank (*De Nederlandsche Bank N.V.*):

- (i) default by the Issuer is made for more than 30 days in the payment of interest or principal in respect of any of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure continues for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer 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 Issuer or the Issuer 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 Issuer, provided that in each case no Event of Default shall be deemed to have occurred if the Issuer shall contest its liability in good faith or shall have been ordered not to make such payment by a competent court; or
- (iv) the Issuer 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 Issuer (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Noteholders) or an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Article 3:160 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), 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
- (v) the Issuer compromises with its creditors generally or such measures are officially decreed; or

- (vi) the Issuer 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).

14 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 Issuer or Noteholders holding not less than 10% 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 or denomination of the Notes or (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. 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 Final Terms in relation to such Series.

(b) Modification and amendment of Agency Agreement

The Issuer 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 Issuer 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 Issuer 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 Issuer

- (i) The Issuer or any previous substitute of the Issuer under this Condition 14 may, and the Noteholders and the Couponholders hereby irrevocably agree in advance that the Issuer or any previous substitute of the Issuer 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 to 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 Issuer) the 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 Issuer or any previous substitute as aforesaid;

- (b) without prejudice to the generality of sub-paragraph (a) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands (where the Issuer is Rabobank Nederland acting through its head office), Australia (where the Issuer is Rabobank Australia Branch) or Singapore (where the 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 11 above with the substitution for the references to the Netherlands, Australia or Singapore as appropriate (or any previously substituted territory as the case may be) with 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 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 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 13 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) a supplemental Offering Circular produced and (i) submitted to the AFM for approval, and (ii) following such approval be published in accordance with Article 14 of the Prospectus Directive,

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 Issuer) the 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 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 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 Issuer) the 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 Issuer) the 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 17.
- (v) For the purposes of this Condition 14, 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 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.

15 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 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 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.

16 Further issues

The 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.

17 Notices

Notices to the holders of Registered Notes shall be published in accordance with the procedure set out in this Condition for Bearer Notes and shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. 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 Euronext Amsterdam and the rules of such exchange so require, in the Euronext Daily Official List and a daily newspaper with general circulation in the Netherlands and so long as the Notes are

listed on the Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) 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 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 17.

18 Governing Law and Jurisdiction

(a) Governing law

The Notes, the Receipts, the Coupons and the Talons and all non-contractual obligations arising out of or in connection with them 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, also 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

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. 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). 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, Rabobank Nederland irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 17. Nothing shall affect the right to serve process in any manner permitted by law. 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.

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 as follows:

- (a) if the Global Notes are stated in the applicable Final Terms to be issued in CGN form, in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, the Global Notes will be deposited with a common depository (the 'Common Depository') for Euroclear and Clearstream, Luxembourg on or prior to the original issue date of the Tranche; or
- (b) if the Global Notes are stated in the applicable Final Terms to be issued in CGN form, in the case of a Tranche intended to be cleared through an Alternative Clearing System (as defined in 2.2 below), the Global Notes will be deposited as otherwise agreed between the Issuer and the relevant Dealer, on or about the issue date of the relevant Notes; or
- (c) if the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper.

In the case of (c) above, depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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) (if the Global Note(s) are in CGN form) with the Common Depository or registration of the Registered Notes in the name of the 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 deposit of the temporary Global Note(s) (if the Global Note(s) are in NGN form), the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

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 a 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 an 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 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 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 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 Final Terms indicate 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 'General Description 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 Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Terms and 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 2.1 below, Registered Notes:

- 2.1 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
- 2.2 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 Final Terms state 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 person entered in the Register as holder of the relevant Registered Notes ('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 Final Terms state 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 Final Terms) relating to Partly Paid Notes.
- 6 *Delivery of Notes.* If the Global Note is a CGN, 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 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, or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. 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 Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

In the event that a Global Note is exchanged for Definitive Notes, such Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

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 in CGN form 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. If the Global Note is a CGN, 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 10(e)(viii) and 11(v) will apply to Definitive Notes only. If the Global Note is an NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.
- 2 *Prescription.* Claims against the 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 integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes 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 Issuer 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 Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the 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 Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders 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) (with such partial redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).
- 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, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is an NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.
- 8 *NGN Nominal Amount.* Where the Global Note is an NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.
- 9 *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 13 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 Issuer under the terms of a Covenant executed by the Issuer and the Fiscal Agent on May 8, 2009 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.

- 10 *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 Euronext Amsterdam or on the Luxembourg Stock Exchange and the rules of such exchange so require, notices shall also be published in the Euronext Daily Official List and a daily newspaper having general circulation in the Netherlands and/or either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or 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 Final Terms 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 Issuer may forfeit such Notes (subject to the provisions of the applicable Final Terms 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 the Issuer in connection with its banking business.

CLEARING AND SETTLEMENT

Book-entry ownership

Bearer Notes

The Issuer may make applications in respect of Notes in CGN form 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 in CGN form, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a Common Depositary for Clearstream, Luxembourg and/or Euroclear or an Alternative Clearing System as agreed between the Issuer and Dealer. Transfers of interests in such temporary Global Notes in CGN form or permanent Global Notes in CGN form 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. The Issuer may make applications in respect of Notes in NGN form, to the Common Safekeeper for acceptance in its book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes in NGN form, a temporary Global Note and/or a permanent Global Note in bearer form without coupons will be deposited with the Common Safekeeper. Transfers of interests in such temporary Global Notes in NGN form, or permanent Global Notes in NGN form will be made in accordance with the normal operating procedures of the Common Safekeeper. Each Global Note deposited with the Common Safekeeper or with a Common Depositary on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Registered Notes

The 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 Final Terms, 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 organisation' 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. Neither the Issuer nor any Paying Agent nor 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 Euronext Amsterdam, Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. or its legal successor will be involved in clearing and settlement.

DESCRIPTION OF BUSINESS OF THE RABOBANK GROUP

General

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. It comprises 153 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 45 countries. Its operations include domestic retail banking, wholesale and international retail banking, asset management and investment, leasing and real estate. It serves approximately 9.5 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food & agri. The Rabobank Group entities have strong relationships due to Rabobank's cooperative structure.

Rabobank Group has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981) and Moody's (Aaa since 1981). In terms of Tier I capital, Rabobank Group is among the world's 20 largest financial institutions.

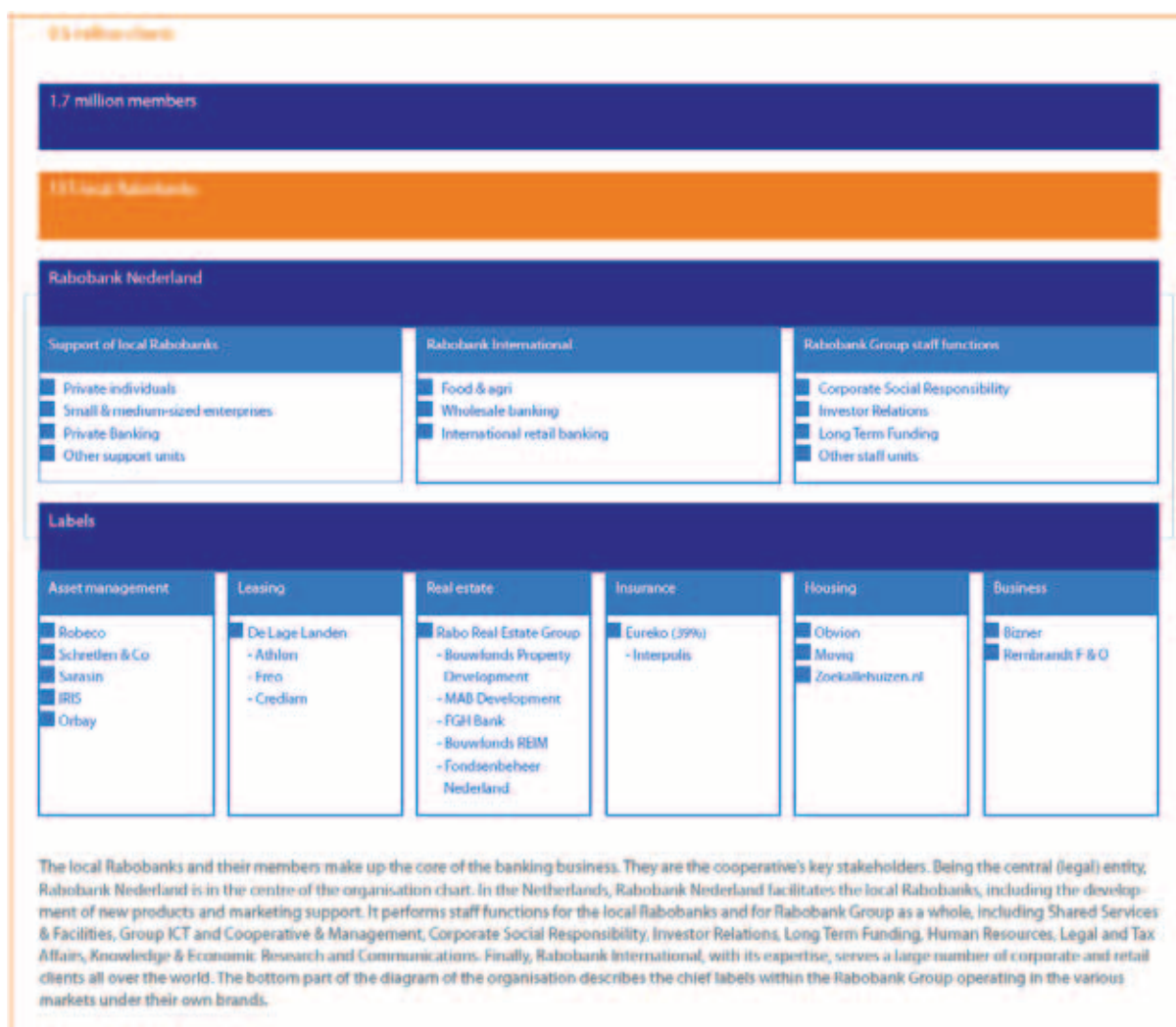
Rabobank Group's cooperative core business comprises independent local Rabobanks. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With approximately 1,100 branches and nearly 3,100 cash-dispensing machines, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 7.5 million clients, both private and corporate, offering a comprehensive package of financial services.

Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Historically, Rabobank Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, Rabobank Group has 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 programme, Rabobank Group has increased both the number and type of products and services available to its 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, Rabobank Group pursues an all-finance concept, meaning that it provides an integrated range of financial services comprising primarily domestic retail banking, wholesale and international retail banking, asset management and investment, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers. As part of this all-finance strategy, Rabobank Group focuses on operations that produce fee-based income in addition to its traditional interest-based income sources.

At December 31, 2008, the Rabobank Group had total assets of € 612.1 billion, a private sector loan portfolio of € 408.6 billion, amounts due to customers of € 304.2 billion, saving deposits of € 114.7 billion and equity of € 33.5 billion. Of the private sector loan portfolio, € 194.0 billion, virtually all of which are mortgages, consists of loans to private individuals, € 146.3 billion of loans to the trade, industry and services sector and € 68.3 billion of loans to the food & agri sector. At December 31, 2008, its Tier I ratio, which is the ratio between core capital and total risk-weighted assets, was 12.7%. For the year ended December 31, 2008, the Rabobank Group's efficiency ratio was 65.3%, and the return on equity, or net profit expressed as a percentage of core capital, was 9.7%. For the year ended December 31, 2008, the Rabobank Group realised a 2% rise in net profit to € 2.8 billion and a RAROC or the risk-adjusted return on capital, of 12.5% after tax. At December 31, 2008, the Rabobank Group had 60,568 full-time employees.

Rabobank Group



Business activities of the Rabobank Group

Through Rabobank Nederland, the local Rabobanks and its subsidiaries, the Rabobank Group provides services in the following five core business areas: domestic retail banking, wholesale and international retail banking, asset management and investment, leasing and real estate.

Domestic retail banking

The domestic retail banking business comprises the local Rabobanks, Obvion and Bizner. The 153 independent local Rabobanks have over 1,100 branches and operate more than 3,100 cash-dispensing machines. In the Netherlands, Rabobank is the largest mortgage bank, savings bank and insurance agent. Based on internal estimates, the Group believes it is also the leading bank for the small and medium-sized enterprises sector in the Netherlands. Obvion focuses exclusively on collaboration with independent brokers and it is the largest mortgage lender in this field in the Netherlands. Bizner is an internet bank where businesses can handle their own banking transactions online.

At December 31, 2008, Rabobank Group's domestic retail banking operations had total assets of € 309.7 billion, a private sector loan portfolio of € 268.3 billion, amounts due to customers of € 175.6 billion and saving deposits of € 101.5 billion. For the year ended December 31, 2008, Rabobank Group's domestic retail banking operations accounted for 55%, or € 6,401 million, of Rabobank Group's total income and 59%, or € 1,617 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's domestic retail banking operations employed 28,953 full-time employees.

Local Rabobanks

The local Rabobanks serve approximately 7.5 million Dutch clients, both private and corporate, with a comprehensive package of financial services. Many private individuals have current, savings and/or investment accounts and/or mortgages with Rabobank. Traditionally, the local Rabobanks have had close ties with the agricultural sector. In addition, they finance a broad range of enterprises, from small companies to listed enterprises. Together, the local Rabobanks are the largest insurance broker in the Netherlands.

Obvion N.V.

Obvion is a joint venture of Rabobank Group and ABP (the Dutch civil service pension fund). It is a provider of mortgages and several service products, including guarantees and bridging loans. Obvion focuses exclusively on collaboration with independent brokers. Obvion is the largest mortgage lender in this field in the Netherlands. Rabobank Group has a 50% shareholding in Obvion and a voting share of 70%.

Bizner

Bizner, which is a trade name of Rabobank Nederland, is an Internet bank for entrepreneurs who prefer to manage their own banking transactions online. At Bizner, entrepreneurs can purchase, manage and change all basic financial products.

Rabohypotheekbank

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the local Rabobanks and is owned 100% by Rabobank Nederland.

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 December 31, 2008, Rabohypotheekbank had assets of € 11.9 billion.

Wholesale and international retail banking

Rabobank International

Rabobank International, which is the wholesale banking business and international retail banking business, focuses its activities on the food & agri sector. Rabobank International is a division of Rabobank Nederland and has branches in 27 countries. Its activities are subdivided into the following regions: the Netherlands, Europe outside the Netherlands, North and South America, Australia and New Zealand, and Asia. Across these regions, Rabobank International has created a number of units with global operations: Global Financial Markets, Structured Finance, Leveraged Finance, Renewable Energy & Infrastructure Finance, Direct Banking and Trade & Commodity Finance. For optimum service to their clients and markets, the various regions and the units with global operations work closely together. In addition to customer-focused activities, Global Financial Markets manages the trade in money market products for the day-to-day management of the liquidity position, the credit risk and the market risk of Rabobank Group and its clients. Leveraged Finance is involved in financing acquisitions by private equity companies and has a significant market share in the agricultural market. Structured Finance offers client-tailored products aimed at both the asset and liability sides of the balance sheet. The Renewable Energy & Infrastructure Finance department operates in the sustainable sectors wind, solar, bio fuels and biomass. The Trade & Commodity Finance department serves clients that operate in the market for agricultural products and, on a limited scale, other commodities as well. This department also offers a large number of export finance products. Direct Banking services clients with saving products in Belgium, Australia, Ireland and New Zealand.

Rabobank's retail activities are performed under the Rabobank label, with the exception of the Irish ACCBank, which is a wholly owned subsidiary, and the Polish Bank BGZ, in which Rabobank International has a 59% stake.

Over the last few years, Rabobank International has strengthened its position in retail banking. It expanded its activities in the United States by acquiring Community Bank of Central California in 2006 and Mid-State Bank & Trust in 2007. In 2008, Rabobank International increased its 46% stake in the Polish Bank BGZ to a majority interest of 59%. Smaller acquisitions of retail banking activities were made in Chile and Indonesia in 2007.

In addition, Rabobank International has interests in private equity. Under the Rabo Participaties and Rabo Capital labels, Rabobank Group's investment unit, Rabo Private Equity, focuses on medium-sized Dutch enterprises. Its Rabo Ventures label focuses on new enterprises in the clean technology sector. Rabobank also participates in independent private equity enterprises such as Langholm and a number of Gilde funds.

At December 31, 2008, Rabobank Group's wholesale and international retail banking operations had total assets of € 420.2 billion and a private sector loan portfolio of € 100.7 billion. For the year ended December 31, 2008, Rabobank Group's wholesale and international retail banking operations accounted for 17%, or € 1,997 million, of Rabobank Group's total income and 1%, or € 27 million, of Rabobank Group's net profit. For the year ended December 31, 2008, Rabobank International's retail activities accounted for 43% of total wholesale and international retail banking operations income. At December 31, 2008, Rabobank Group's wholesale and international retail banking operations had 15,223 full-time employees.

Asset management and investment

Rabobank Group's asset management business is handled by Robeco, an asset manager with global operations, as well as by the Swiss private bank Sarasin and by Schretlen & Co, the Dutch private bank. Rabobank Group has a 46% stake in Sarasin and a voting share of 69%.

At December 31, 2008, the assets managed and held in custody of Rabobank Group's asset management and investment operations amounted € 184 billion. For the year ended December 31, 2008, Rabobank Group's asset management and investment operations accounted for 14%, or € 1,618 million, of Rabobank Group's total income and 16%, or € 438 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's asset management and investment operations had 3,620 full-time employees.

Robeco Groep N.V.

Robeco was founded in Rotterdam in 1929. It provides investment products and services to approximately 700 institutional and approximately 1.5 million private clients around the world. Services to private individuals are provided both through banks and other distribution partners, and through direct channels. Robeco's product range includes equity and fixed-income investments, money market and real estate funds, sustainable and socially responsible investments, as well as alternative investments, including private equity, hedge funds and structured products. In addition to its home markets in the Netherlands and the United States, Robeco operates in Europe, Asia and the Middle East.

Rabobank Nederland owns a 100% equity interest in Robeco. Robeco has its statutory seat in Rotterdam. Its issued and fully paid-up share capital amounted to € 4,537,803 (4,537,803 shares with a nominal value of € 1 each) at December 31, 2008.

For the year ended December 31, 2008, Robeco's net result was € 159 million, corresponding to € 35.15 per share. At December 31, 2008, Rabobank Nederland's liabilities to Robeco amounted to € 252 million (bonds), € 1,287 million (current account) and € 271 million (loans and deposits). At December 31, 2008 Rabobank Nederland's claims on Robeco amounted to € 243 million (loans) and € 200 million (current account).

At December 31, 2008, Robeco managed € 110.7 billion in assets.

Schretlen & Co N.V.

Schretlen & Co is the private banking specialist within Rabobank Group. Its activities include asset management and advice, combined with asset planning, which are focused on high net-worth individuals and medium-sized institutional investors in the Netherlands. In addition to its head office in Amsterdam, Schretlen & Co has branches in Apeldoorn, Heerenveen, Rotterdam and Waalre. Collaboration with local Rabobanks has resulted in, among other things, Rabobank Beheerd Beleggen and the Rabobank Effecten Advies Desk. Rabobank Nederland owns a 100% equity interest in Schretlen & Co.

At December 31, 2008, Schretlen & Co managed € 6.8 billion in assets.

Bank Sarasin & Cie S.A.

Sarasin is a Swiss private bank founded in 1841. Its shares are listed at the Swiss stock exchange SWX. Rabobank Group has, by holding 'normal' shares and shares with voting rights, a 46% shareholding in Sarasin and a voting share of 69%. The Sarasin Group is an international service provider, with a focus on sustainability. It is represented in 13 countries in Europe, the Middle East and Asia. Sarasin offers a high level of services and expertise as an investment advisor and asset manager for high net-worth private individuals and institutions.

At December 31, 2008, Sarasin managed € 46.9 billion in assets.

Leasing, De Lage Landen International B.V.

De Lage Landen is responsible for Rabobank Group's leasing business. Asset financing products help manufacturers, vendors and distributors to promote sales in more than 30 countries around the world. In addition, De Lage Landen operates its international car lease business Athlon Car Lease in eight European countries. In the Netherlands, De Lage Landen offers a broad range of leasing and trade financing products. Through the Freo brand, among others, it supports Rabobank Group's efforts to be the Dutch market leader in consumer credits.

De Lage Landen has its statutory seat in Eindhoven, the Netherlands. Its issued share capital amounts to € 98,470,307 all of which is owned by Rabobank Nederland. At December 31, 2008, Rabobank Nederland's liabilities to De Lage Landen amounted to € 2,007 million. At December 31, 2008 Rabobank Nederland's claims on De Lage Landen amounted to € 21,768 million (loans and current account). All liabilities of De Lage Landen are guaranteed (through the cross guarantee system) by Rabobank Nederland and the other participants of this system.

At December 31, 2008, De Lage Landen had a loan portfolio of € 23.3 billion. For the year ended December 31, 2008, De Lage Landen accounted for 9%, or € 1,015 million, of Rabobank Group's total income and 9%, or € 235 million, of Rabobank Group's net profit. At December 31, 2008 Rabobank Group's Leasing operations employed 4,667 full-time employees.

Real estate, Rabo Vastgoedgroep N.V.

Rabobank Group's private and corporate Real Estate activities are performed by Rabo Real Estate Group (Rabo Vastgoedgroep). This real estate enterprise focuses on three core businesses: the development of owner occupied houses and commercial real estate, finance and asset management. In these markets, Rabo Real Estate Group operates under the brands Bouwfonds Property Development, MAB Development, FGH Bank and Bouwfonds REIM. Rabo Real Estate Group operates mainly in the Benelux countries, Germany and France. Rabobank Nederland owns a 100% equity interest in Rabo Real Estate Group.

For the year ended December 31, 2008, the Rabo Real Estate Group sold 8,746 houses and managed € 6.8 billion of real estate assets and its loan portfolio amounted € 16.5 billion. For the year ended December 31, 2008, the Real Estate operations accounted for 4%, or € 427 million, of Rabobank Group's total income and 1%, or € 24 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's Real Estate operations had 1,743 full-time employees.

Participations

Eureko B.V.

Rabobank has a 39% interest in Eureko, an international provider of financial services in the area of insurance with approximately 25,000 full-time employees. Rabobank does not exercise control over Eureko and therefore does not consolidate Eureko as a subsidiary in Rabobank's financial statements. Eureko is accounted for as an associate in Rabobank's financial statements in accordance with the equity method. Achmea, which is part of Eureko, is the largest insurance group in the Dutch domestic market (source: Eureko Annual Report 2008), with brands including Centraal Beheer Achmea, Interpolis, Avéro Achmea, FBTO, Agis Zorgverzekeringen and Zilveren Kruis Achmea. In the Netherlands, Eureko serves a broad customer base of private individuals as well as government and corporate clients. Abroad, Eureko operates in 12 European countries. Rabobank and Eureko work closely together in the area of insurance. The majority of the insurance products sold by local Rabobanks is from Interpolis, which provides a broad range of non-life, health and life insurance policies for both private individuals and enterprises. With more than a million private individuals and several hundreds of thousands of enterprises as clients,

Interpolis is one of the major players in the Dutch insurance market. In the Netherlands, Interpolis is a market leader in the agricultural sector (source: Eureko Annual Report 2008).

Recent developments

Rabobank and Rothschild establish global food & agri cooperation

As from January 1, 2009 Rabobank International Holding B.V. and Rothschild entered into a cooperation agreement in the field of mergers and acquisitions and equity capital markets advisory in the food & agri sectors on a global basis. Rothschild and Rabobank both have strong global food & agri advisory franchises in mergers and acquisitions. Under the agreement both firms will pool their respective industry knowledge, resources and relationships while expanding their respective geographic reach and client base through an enhanced breadth of services. In order to strengthen the relationship between the two parties, Rabobank also acquired a 7.5% stake in Rothschilds Continuation Holdings ('RCH') and a Rabobank representative joined the RCH board of directors.

Eureko

On February 16, 2009, Eureko announced that, following consultations with its shareholders Rabobank and Achmea Association, it will increase its capital by € 1 billion. This measure is intended to increase Eureko's solvency. Rabobank is contributing € 400 million to the capital injection; however, this will not increase Rabobank's relative ownership stake in Eureko.

Issue of Capital Securities

On February 27, 2009, Rabobank Nederland issued € 500 million Perpetual Non-Cumulative Capital Securities.

Strategy of the Rabobank Group

Rabobank's strategic objectives are set out in its Strategic Framework 2005-2010, which it has been implementing since its introduction. Following changes in the Dutch banking market that took place in 2008, and the turbulent developments in the international financial markets, the Rabobank Group has been considering adjustments to the framework. Accordingly, at the end of 2008, the Rabobank Group began formulating adjustment proposals for a revised Strategic Framework covering the period 2009-2012. Under these proposals, the principles of the framework were refocused and reprioritised in several areas. Rabobank approved the new Strategic Framework on March 18, 2009 in its Central Delegates Assembly.

Strategy principles

As a cooperative, Rabobank prioritises clients' interests, and Rabobank's structure and processes are focused accordingly. Through their influence and control, members enforce discipline on the cooperative.

As an all-finance service provider, Rabobank Group offers a comprehensive package of financial products and services. Management believes that the diversification within the Rabobank Group benefits its financial stability, and that Rabobank Group's broad range of knowledge and expertise results in innovation and synergies within Rabobank. Market leadership remains important to Rabobank Group, but Management believes this must be balanced with prudent margins and the Rabobank Group's cooperative mandate.

International growth is necessary because opportunities for growth in the domestic market are set to gradually level out. Moreover, Management believes food & agri is an attractive niche because of Rabobank's global knowledge of food & agri, which it attributes to its connection with the agricultural and horticultural sectors of the Dutch market. Rabobank International also intends to expand its activities in sustainable energy and clean technology.

Under the present economic conditions Management believes a high credit rating is important and that a healthy balance sheet, stable profit growth and a high Tier I ratio are prerequisites for a high credit rating.

In addition, Corporate Social Responsibility ('CSR') policy within Rabobank Group, including its core banking processes, must meet high standards.

Strategy adjustment

Under the revised Strategic Framework, Rabobank is putting greater emphasis on sound balance sheet ratios. Growth in lending largely depends on growth in amounts due to customers and as a result, Management believes that both the local Rabobanks and Rabobank International should provide for a significant part of their own funding. Expansion of the activities of subsidiaries will be aligned with the volume of funding available at Rabobank Group level.

In the Netherlands, Rabobank aims to be the largest bank for corporate enterprises. A stronger position in the corporate market offers private banks additional opportunities to the 'private entrepreneur' as well. Rabobank also seeks further growth in the private-banking segment through differentiated customer service, collaboration with subsidiaries and improved quality of advice.

Rabobank aims to develop further as a cooperative. The revised Strategic Framework will enable local Rabobanks to respond to changing client priorities. At the same time, the programme introduces an optimised servicing model and produces cost reductions from standardisation. In order to maintain their market leadership, the local Rabobanks must operate at competitive rates.

Rabobank International will focus more on Rabobank Group's core activities. In the Netherlands, this means supporting the Rabobank Group's aim to be the largest corporate bank in the Netherlands. Outside the Netherlands, Rabobank International intends to focus more on food & agri. In addition, Rabobank International plans to expand its activities in the areas of sustainable energy and clean technology. Global Financial Markets will confine itself to client-related activities and liquidity management; other activities will be phased out. In the Netherlands, Rabo Development intends to gradually increase the number of minority interests in partner banks having a food & agri focus in developing countries. Abroad, the Rabobank Foundation will focus on countries where Rabobank International and/or Rabo Development operate.

The Rabobank Group's subsidiaries will similarly focus more on supporting the realisation of Rabobank Group's core objectives: market leadership in all-finance services in the Netherlands and building up a distinct position as the world's pre-eminent food & agri bank. Other important main functions of the subsidiaries and Participations will continue to be leveraging of specialisations and achieving sound financial returns.

Strategic core objectives

The Rabobank Group's strategic core objectives are:

- to achieve all-finance market leadership in the Netherlands;
- to strengthen Rabobank's position as the leading international food & agri bank;
- to expand, and develop additional synergies with, the Rabobank Group subsidiaries.

Strategy for domestic retail banking

The adjustment of the Strategic Framework reflects that Rabobank is pursuing market leadership in the Netherlands as an all-finance service provider. This market leadership strategy also includes roles for mortgage provider Obvion as well as for Bizner. By increasing its focus on the corporate market, Rabobank aims to be the largest corporate bank in the Netherlands. In addition, it has expressed its ambitions for growth in the market for private banking. As a result of a stronger focus on sound balance sheet ratios, the local Rabobanks will be financing a large proportion of their growth in lending from amounts due to customers. The implementation of the revised Strategic Framework is another important element in the adjusted strategy.

Strategy for wholesale banking and international retail banking

Rabobank aims to be the pre-eminent global food & agri bank, with a focus on renewable energy and clean technology. Rabobank International intends to address this further and to broaden and deepen its product range for the food & agri market. Global Financial Markets will focus on client-related activities and liquidity management. Other activities will be phased out and its services will be tailored more to core clients. Rabobank International intends to strengthen the international retail banking activities further, while giving priority to existing major agricultural focus areas in Australia, Brazil, California and Poland. Renewable energy and clean technology will receive greater attention through project finance and venture capital.

Strategy for asset management and investment

Asset managers Robeco, Sarasin and Schretlen & Co offer high-quality services to a range of investors and intend to expand the range of products and services offered. Both the distribution network and the institutional sales and asset management activities will be expanded on a selective basis. At the same time, Rabobank Group aims to strengthen its position in the market for high net-worth individuals and institutional investors and consolidate its positions in the Netherlands and abroad.

Strategy for leasing

De Lage Landen offers finance solutions worldwide for producers and distributors of capital assets. Athlon Car Lease is considering opportunities to expand its operations in Europe. De Lage Landen serves Rabobank clients with a broad package of lease and factoring products. De Lage Landen aims to strengthen Rabobank Group's position in the Dutch market for consumer credits by granting consumer credits through the local Rabobanks and the Freo label.

Strategy for real estate

Rabo Real Estate Group operates in three core businesses: developing, finance and investing. Its target is to maintain and strengthen its leading position in the Dutch market for owner-occupied houses and commercial real estate. In addition, Rabo Real Estate Group intends to maintain and, where possible, expand its solid position in the Dutch real estate finance market. Within Rabobank Group, Rabo Real Estate Group is the centre of expertise on real estate investments. Leveraging Rabobank's distribution power and growing its knowledge of real estate management will contribute to growth in assets under management.

Corporate social responsibility

One of the cornerstones of the Rabobank Group Strategic Framework is a high quality policy for corporate social responsibility. Within this scope, Rabobank continued to develop its CSR policy and activities in 2008.

Employees

The Rabobank Group needs the right people to achieve its strategic goals. Rabobank invests in its employees, not just in terms of their conditions of employment, but also by providing training, opportunities for growth and healthcare, and helping employees achieve a good work/life balance. The Rabobank Group's workforce is aging and, in a changing and innovative environment such as Rabobank's, it is vital that its employees are versatile and have the relevant skills. Rabobank also prioritises talent development, diversity and raising awareness of CSR among its employees.

For the year ended December 31, 2008, the rate of absenteeism was 3.8% and Rabobank's employee satisfaction score was 86% according to internal surveys. At December 31, 2008, the Rabobank Group employed 60,568 full-time employees.

Competition

The Rabobank Group competes in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, Fortis Nederland, ING Group and SNS Reaal, and also with smaller financial institutions in specific markets. Over the last few years, banks have increased their emphasis on the credit quality of borrowers. This emphasis, combined with the deregulation of capital markets, has increased competition among banks in the Netherlands significantly. 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 2008, several large commercial banks and financial institutions in the Netherlands, including ABN AMRO, Fortis Nederland, ING Group and SNS Reaal, received financial support from the Dutch government. This may affect the competitive environment in which the Rabobank Group operates in the Netherlands and Management expects competition in the Dutch savings market to continue in 2009.

The Dutch mortgage loan market is highly competitive. 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. Rabobank has a balanced mortgage loan portfolio with a weighted loan-to-value of approximately

60%. Historically, mortgage lending in the Netherlands has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in the Rabobank Group's mortgage lending operations or in the Netherlands generally. Almost all mortgages in the Netherlands have a maturity of 30 years. Generally, mortgages have a long-term (greater than five years) fixed interest rate, after which period the rate is reset at the current market rate. Customers generally 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.

Market shares in the Netherlands

Set forth below is information regarding the Rabobank Group's shares in selected markets. The percentages of market share should be read as percentages of the relevant Dutch market as a whole.

Residential mortgages: At December 31, 2008, the Rabobank Group had a market share of 30% of new home mortgages in the Dutch mortgage market by value (23.6% by local Rabobanks and 6.0% by Obvion; source: Dutch Land Registry Office (*Kadaster*)). The Rabobank Group is the largest mortgage-lending institution in the Netherlands.

Saving deposits of individuals: At December 31, 2008, the Rabobank Group had a market share of approximately 43% of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). The Rabobank Group is the largest savings institution in the Netherlands measured as a percentage of the amount of saving deposits. Of the total saving deposits in the Netherlands, 40.9% are held by the local Rabobanks and 2.2% are held by Robeco's savings bank Roparco.

Lending to small and medium-sized enterprises: At December 31, 2008, the Rabobank Group had a market share of approximately 39% of domestic loans to the trade, industry and services sector (i.e. small enterprises with fewer than 100 employees; measured by Rabobank's own surveys). The Rabobank Group is the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector.

Agricultural loans: At December 31, 2008, the Rabobank Group had a market share of approximately 84% of loans and advances made by banks to the Dutch primary agricultural sector (measured by Rabobank's own surveys).

Properties

Rabobank Nederland and the local Rabobanks typically own the land and buildings used in the ordinary course of their business activities in the Netherlands. Outside the Netherlands, some of the Rabobank Group entities also own the land and buildings used in the ordinary course of their business activities. In addition, the Rabobank Group's 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.

Insurance

On behalf of all entities of the Rabobank Group, Rabobank has taken out a group policy that is customary for the financial industry. Management is of the opinion that this insurance which is banker's blanket and professional indemnity, is of an adequate level.

Legal proceedings

The Rabobank Group is involved in governmental, litigation and arbitration proceedings in the Netherlands and in foreign jurisdictions, including the United States, involving claims by and against the Rabobank Group which arise in the ordinary course of its businesses, including in connection with the Rabobank Group's activities as an insurer, lender, employer, investor and taxpayer during a period covering at least the previous 12 months. 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 or significant effect on the Rabobank Group's financial condition or profitability, given its size, robust balance sheet, stable income stream and prudent provisioning policy.

THE RABOBANK GROUP STRUCTURE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (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 and was incorporated with unlimited duration on December 22, 1970. A cooperative under the laws of the Netherlands has members and has the statutory objective to provide for certain material needs of its members. Rabobank Nederland was registered with the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands in December 1970 under number 30046259. The executive offices are located at: Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is: +31 (0)30 2160000.

Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. In addition to being a member of Rabobank Nederland, each local Rabobank has shares in Rabobank Nederland in accordance with Article 15 of Rabobank Nederland's articles of association. 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. Pursuant to the articles of association, each local Rabobank is obliged, by virtue of its membership, to participate in any future issue of shares. As of July 1, 2008, after amendment of the articles of association approved by the General Meeting on June 19, 2008, the total number of outstanding shares is 2,004,015 of € 1,000 each, thus increasing the share capital of Rabobank Nederland from € 638 million to more than € 2 billion. On the basis of a prescribed allocation formula, which included taking into account the total balance sheet position, Tier I capital and commercial profits of each local Rabobank, these shares were distributed to the members.

As members of Rabobank Nederland, 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 (as described below).

Rabobank Nederland's functions within the Rabobank Group can be broadly divided into several areas. Traditionally, an important task of Rabobank Nederland has been its function as a bankers' bank. Another important task is to provide service to the local Rabobanks in the form of support, advice and guidance. Rabobank Nederland 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 labour agreements on behalf of the local Rabobanks). Furthermore, Rabobank Nederland is entrusted with the supervision of the local Rabobanks pursuant to the provisions of the Financial Supervision Act (*Wet op het financieel toezicht*). 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 various subsidiaries.

The local Rabobanks are organised as cooperative entities under the laws of the Netherlands and draw all of their members from their customers. Through mergers, the number of local Rabobanks has decreased from 188 at December 31, 2006, to 174 at December 31, 2007, to 153 at December 31, 2008. At December 31, 2008, the local Rabobanks had approximately 1,707,000 members. 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.

For regulatory and financial reporting purposes, Rabobank Nederland and the local Rabobanks, as well as the participating subsidiaries, are treated as one consolidated entity.

Internal liability (cross-guarantee system)

Through their mutual financial association, various legal entities within the Rabobank Group together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the Financial Supervision Act. This relationship is formalised in an internal cross-guarantee system (*kruislingse garantieregeling*), which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution's funds in order to enable it to fulfil those obligations. Participating entities within the Rabobank Group are:

Rabobank Nederland
Local Rabobanks
De Lage Landen International B.V.
De Lage Landen Financiering B.V.
De Lage Landen Trade Finance B.V.
De Lage Landen Financial Services B.V.
Schretlen & Co N.V.
Rabohypotheekbank N.V.
Raiffeisenhypotheekbank N.V.

The local Rabobanks are also parties to several compensation agreements whereby shortfalls of local Rabobanks with respect to equity, profitability, loan loss reserves and financing losses are financed by charging all other local Rabobanks.

403 Declaration

Rabobank Nederland has assumed liability for the debts arising from legal transactions of a number of Rabobank Group companies under Section 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*).

In addition, Rabobank Nederland provides (bank) guarantees in its ordinary course of business.

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 and the local Rabobanks are supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*) on a consolidated basis, based on Article 3:111 of the Financial Supervision Act, Rabobank Nederland has responsibility for ensuring compliance by the local Rabobanks with the applicable capital adequacy and liquidity regulations. The 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 law. This policy partly reflects the fact that local Rabobanks, 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's 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.

Supervision on market conduct

Pursuant to Section 2:105 of the Financial Supervision Act, Rabobank Nederland has been designated by the Minister of Finance (*Ministerie van Financiën*) as an undertaking which is

deemed to have a collective licence, applying both to itself and to all local Rabobanks. As a consequence of this collective licence, the supervision by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*), as far as compliance with the rules on market conduct pursuant to the Financial Supervision Act is concerned, will be directed at Rabobank Nederland. In turn, Rabobank Nederland plays a central role in the supervision of the conduct of the local Rabobanks.

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. As of 2005, the financial statements have been prepared in accordance with IFRS as adopted by the European Union. The financial data in the (sub) paragraphs in this chapter marked with an asterisk () has not been directly extracted from the audited financial statements but instead is unaudited and derived from the accounting records of Rabobank Nederland, unless otherwise stated.*

Business overview*

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. It comprises 153 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 45 countries. Its operations include domestic retail banking, wholesale and international retail banking, asset management and investment, leasing and real estate. It serves approximately 9.5 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food & agri. The Rabobank Group entities have strong relationships due to Rabobank's cooperative structure. At December 31, 2008, the Rabobank Group had total assets of € 612.1 billion and 60,568 full-time employees.

Rabobank Group has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981) and Moody's (Aaa since 1981). In terms of Tier I capital, Rabobank Group is among the world's 20 largest financial institutions.

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 the Rabobank Group's 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. For more details, see 'The Rabobank Group Structure' – Internal liability (cross-guarantee system)'.

The independent local Rabobanks make up Rabobank Group's cooperative core business. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With approximately 1,100 branches and nearly 3,100 cash-dispensing machines, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 7.5 million clients, both private and corporate, offering a comprehensive package of financial services.

Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Factors affecting results of operations

General market conditions*

Rabobank Group's results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and increased competition. The financial crisis, which started in the second half of 2007, has affected banks particularly in respect of funding, due to the liquidity shortage. See 'Impact of the financial crisis' below. In the Netherlands, competition for savings is likely to continue. Management expects that the recession will impact Rabobank Group's growth in lending and will result in loan losses that are expected to be above Rabobank Group's long-term average.

In 2008, approximately three-quarters of the Rabobank Group's total income was derived from its Dutch operations. Accordingly, changes in the Dutch economy, the levels of Dutch consumer spending and changes in the Dutch real estate, securities and other markets may have a material effect on Rabobank Group's operations. However, because of Rabobank Group's high level of product diversification, it has not experienced major fluctuations in its levels of profitability

in the past. Outside of the Netherlands, the markets Rabobank Group focuses on, i.e. principally food & agri, are impacted by business cycles only in a limited way.

Although Rabobank Group expects that the foregoing factors will continue to affect its consolidated results of operations, it believes that the impact of any one of these factors is mitigated by its high level of product diversification. However, a protracted economic downturn in the Netherlands or the Rabobank Group's other major markets could have a material negative impact on its results of operations. See 'Risk Factors' – Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme – Business and general economic conditions'.

Impact of the financial crisis

Due to the impact of the financial crisis on the market value of various financial assets and the need to recognise financial assets at fair value, the carrying amounts of these assets have been affected. At December 31, 2008, the total negative revaluation of the portfolio of available-for-sale debt instruments amounted to € 407 million after tax and was recognised directly in equity.

In the first quarter of 2008, two Asset Backed Commercial Paper ('ABCP') structures were phased out, in part following the introduction of the new Basel II regulation that became applicable to Rabobank Group as of January 1, 2008. As a consequence, the ABCP outstanding at December 31, 2008 decreased to € 17.5 billion (2007: € 23.0 billion), mainly for funding own originated loans and customer loans and receivables. In the fourth quarter of 2008, limited use was made of the Commercial Paper Funding Facility launched by the U.S. Federal Reserve to support the commercial paper market.

In the first quarter of 2008, due to the scarcity of funding opportunities for Structured Investment Vehicles ('SIV'), the remaining SIV Tango assets managed by Rabobank were taken onto the balance sheet of the Rabobank Group. As a result of currency exchange rate fluctuations and sales, the valuation of the portfolio of former SIV Tango assets on the Rabobank Group's balance sheet was reduced to € 3.8 billion at December 31, 2008. Rabobank has no other investments in SIVs.

An important element of the bank's liquidity risk management is to maintain a large portfolio of liquid and/or central bank eligible assets that can be used, if necessary, to generate liquidity quickly. Rabobank Group's trade and investment portfolios have a limited direct exposure to more structured investments, which amounts to € 9 billion, the majority of which is AAA-rated. Due to the further deterioration of the U.S. housing market, related investments such as Residential Mortgage Backed Securities and Collateralised Debt Obligations, have been impaired and the resulting loss charged to profit. For the year ended December 31, 2008 this amounted to a post-tax loss of € 418 million. An additional provision of € 152 million after tax was made for a liquidity facility granted by Rabobank which was partly secured on subprime-related assets.

In a number of cases, monoline insurers are the counterparty to credit default swaps that hedge the credit risk of certain investments. In most cases, solvency objectives are the main reason for the existence of these hedges rather than the credit quality of these investments. The impact of the ongoing deterioration of the U.S. mortgage market undermined the creditworthiness of monoline insurers in 2008, which adversely affected the rating of these institutions. Counterparty risk relating to these monoline insurers arises because the value of the credit default swaps with these counterparties increases, due to the fair value of the underlying investments decreasing, or because other insured investments can lead to payment claims against these insurers. In 2008, value adjustments amounting to € 393 million were recognised in profit and loss. A provision of € 260 million after tax has been made in respect of counterparty risk. At December 31, 2008, the remaining counterparty risk after value adjustments for the Rabobank Group amounted to € 1,729 million.

See also Note 4.10 to the consolidated financial statements of the Rabobank Group for the year ended December 31, 2008 for a discussion of the impact of the financial crisis on Rabobank.

Stock market fluctuations

Following a broad-based increase in global stock markets between 2002 and 2007, equity markets have been adversely affected since the outbreak of the financial crisis in the second half of 2007. Stock prices dropped significantly in 2008 and in the first four months of 2009.

Uncertainty among investors and market volatility remain high. A further decline in the stock markets could adversely affect the Rabobank Group's results of operations and its financial assets.

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 the Rabobank Group's results. For example, the relatively low interest rate risk environment in the Netherlands and the Rabobank Group's other major markets has driven growth in mortgage volumes, which is positive. However, a low interest rate environment also adversely affected the Rabobank Group's results, due to the structure of its balance sheet, Rabobank has a high level of non- and low-interest bearing liabilities (its 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 Rabobank Group's 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. Management expects that the current low interest rate environment is likely to continue in 2009, with a corresponding impact on the Rabobank Group's results.

As discussed under 'Risk Management – Interest rate risk', the Rabobank Group generally takes 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.

Critical accounting policies

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

Value adjustments

Management regularly assesses the adequacy of the provision for loan losses, by performing ongoing evaluations of the loan portfolio. Rabobank's policies and procedures to measure impairment are IFRS compliant. Rabobank considers a loan to be impaired when, based on current information and events, it is probable that Rabobank will not be able to collect all amounts due (principal and interest) according to the original contractual terms of the loan.

Rabobank distinguishes:

- Specific provisions for impaired corporate loans. For these loans, impairment is measured on a case-by-case basis. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan's effective rate.
- Collective retail provisions for loans that are not significant enough to be assessed individually. Retail portfolios of loans that are not individually assessed for impairment are grouped into pools, based on similar risk characteristics and are collectively assessed for impairment.
- An Incurred But Not Reported ('IBNR') provision for losses on loans that have been incurred but have not yet been individually identified at the balance sheet date. Non-impaired loans are included in groups with similar risk characteristics and are collectively assessed for the potential losses, based on expected loss parameters. Furthermore, a factor is used which assumes that within six months impairment will be discovered.

The impairment amount thus determined is recorded in the profit and loss account as a bad debt cost with the corresponding credit posted as a provision against the loan balance in the balance sheet.

A Provisioning Committee headed by a member of the Executive Board decides twice a year on provision-taking for all impaired loans above a certain threshold (currently over € 20 million).

Trading activities

Rabobank's trading portfolio is carried at fair value based on market prices or model prices if the market prices are not available. The market value of financial instruments in the Rabobank Group's trading portfolio is generally based on listed market prices or broker-dealer price quotations. If prices are not readily determinable, fair value is based on valuation models. The fair value of certain financial instruments, including OTC derivative instruments, are valued using valuations 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.

Change in accounting policies

As a result of changes in accounting policies and presentation, certain figures for the Rabobank Group as at and for the year ended December 31, 2007 in this Offering Circular have been restated. See 'Important Information – Presentation of financial information – Change in accounting policies' and Note 2 to the consolidated financial statements for the Rabobank Group for the year ended December 31, 2008. Where the year ended December 31, 2008 is compared with the year ended December 31, 2007, the restated figures for 2007 are discussed. Where the year ended December 31, 2007 is compared with the year ended December 31, 2006, the figures for 2007 have not been restated.

Results of operations

The following table sets forth certain summarised financial information for the Rabobank Group for the years indicated:

	Year ended December 31,			
<i>(in millions of euros)</i>	2008	2007 (restated)	2007	2006
Interest	8,517	6,771	6,771	6,472
Fees and commission	2,889	2,857	2,857	2,296
Other income	246	1,394	1,871	1,281
Total income	11,652	11,022	11,499	10,049
Staff costs	4,290	4,400	4,445	4,117
Other administrative expenses	2,796	2,779	2,846	2,429
Depreciation	525	484	418	341
Operating expenses	7,611	7,663	7,709	6,887
Gross profit	4,041	3,359	3,790	3,162
Value adjustments	1,189	266	742	450
Operating profit before taxation	2,852	3,093	3,048	2,712
Taxation	98	397	386	367
Net profit	2,754	2,696	2,662	2,345

Year ended December 31, 2008 compared to year ended December 31, 2007

Total income. Total income grew by 6% in 2008 to € 11,652 million compared to € 11,022 million in 2007, with a particularly strong contribution from interest income. Interest income accounted for 73% of total income in 2008. Other income fell by 82% to € 246 million (2007: €1,394 million).

Interest. Interest income was 26% higher in 2008, at € 8,517 million compared to € 6,771 million in 2007. This increase was mainly due to Rabobank International's interest income being higher as a result of growth in lending and higher spreads.

Fees and commission. Fees and commission were 1% higher, at € 2,889 million compared to € 2,857 million in 2007.

Other income. Other income was 82% lower, at € 246 million compared to € 1,394 million in 2007. The continuing adverse conditions in the financial markets depressed Rabobank International's results. On a net basis, the fair value changes of assets and liabilities had a limited impact on earnings. Rabo Real Estate Group's project results were also lower. Income from the Eureka participation was negative. The sale of Alex and the consolidation of Bank BGZ made positive contributions to earnings. In 2007, other income benefited from revenues from the sale of activities at Sarasin.

Operating expenses. Total operating expenses decreased by 1% in 2008 to € 7,611 million compared to € 7,663 million in 2007. Staff costs accounted for 56% of total operating expenses.

Staff costs. Partly as a result of a reduction of the bonuses, staff costs were 3% lower, at € 4,290 million compared to € 4,400 million in 2007. From 2008, Bank BGZ employees are included in Rabobank Group's staff count. As a result, staff numbers at Rabobank Group increased by 11% to 60,568 (2007: 54,737) full-time employees. Staff numbers at the local Rabobanks and Robeco declined.

Other administrative expenses. Other administrative expenses were 1% higher, at € 2,796 million compared to € 2,779 million in 2007.

Depreciation. Depreciation charges were 8% higher, at € 525 million compared to € 484 million in 2007, partly because of higher depreciations of proprietary software and increased amortisation of intangible assets.

Value adjustments. Mainly as a result of the increase in the item 'value adjustments' at Rabobank International, this item rose to € 1,189 million compared to € 266 million in 2007. This corresponds to 31 basis points of average lending and is higher than the 10-year average of 21 basis points (based on the period 1998 to 2007).

Taxation. Income tax recognised in 2008 amounted to € 98 million compared to € 397 million in 2007, which is equivalent to an effective tax rate of 3.4% (2007: 12.8%). The results from equity investments such as those in the Gilde funds and the equity investments in Rabo Private Equity, which are exempt from taxation, contributed to the lower effective tax rate.

Net profit. Rabobank Group's net profit grew by 2% in 2008 to € 2,754 million compared to € 2,696 million in 2007. After deduction for minority interests and payments on Rabobank Member Certificates, Capital Securities and Trust Preferred Securities III to VI, the amount remaining was € 2,089 million compared to € 1,971 million in 2007.

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income grew by 14% in 2007 to € 11,499 million compared to € 10,049 million in 2006, with a particularly strong contribution from commission and other income. Interest accounted for 59% of total income in 2007.

Interest. Interest income was 5% higher, at € 6,771 million compared to € 6,472 million in 2006. Due to higher interest rates, fewer clients settled their mortgage loans prematurely. Income from penalty interest declined. The margin in domestic retail banking declined as a result of the continued competition in the mortgages market. The margin in the leasing activities declined likewise. The growth in lending offset the effects of the lower penalty interest income and the lower interest margin.

Fees and commission. Total fees and commission were 24% higher, at € 2,857 million compared to € 2,296 million in 2006. The increase in asset management commission was largely due to the fact that Sarasin was consolidated as of the end of 2006. Further, the investment performance of the Transtrend Diversified Trend Program and the expansion of the interest in Transtrend contributed to the higher commission income.

Other income. Other income was 46% higher, at € 1,871 million compared to € 1,281 million in 2006, with a strong contribution from the parts of Bouwfonds which had been acquired in December 2006. The acquisition of Athlon in the second half of 2006 and the sale of activities at

Sarasin contributed to the increase in other income. Income from the Eureka participation, which is included in other income, was lower.

Operating expenses. Total operating expenses increased by 12% in 2007 to € 7,709 million compared to € 6,887 million in 2006. Staff costs accounted for 58% of total expenses.

Staff costs. The higher staffing level caused staff costs to go up by 8% to € 4,445 million compared to € 4,117 million in 2006. In 2007, several acquisitions resulted in an increase in staff numbers by approximately 2,800 full-time employees. Rabobank Group's total number of employees grew by 8% in 2007 to 54,737 (2006: 50,573) full-time employees.

Other administrative expenses. The growth in activities, both organic and due to acquisitions, caused a 17% increase to € 2,846 million in other administrative expenses compared to € 2,429 million in 2006.

Depreciation. Depreciation charges were 23% higher, at € 418 million compared to € 341 million in 2006, mainly because of higher depreciation on buildings and proprietary software.

Value adjustments. Value adjustments, which comprise bad debt costs and losses incurred on financial assets, increased by 65% in 2007 to € 742 million compared to € 450 million in 2006. The increase is due to higher-value adjustments on the item available-for-sale financial assets. This corresponds to 22 basis points of average lending (2006: 15), which is in line with the five-year average (based on the period 2002 to 2006) of 23 basis points.

Taxation. Taxation recognised in 2007 amounted to € 386 million compared to € 367 million in 2006. This is equivalent to an effective tax rate of 12.7% (2006: 13.5%). One of the contributors to the lower effective tax rate was the reduction in the Dutch corporate tax rate. In addition, profits from participations and associations, which are exempt from taxation, contributed to the lower effective tax rate.

Net profit. Rabobank Group's net profit grew by 14% in 2007 to € 2,662 million compared to € 2,345 million in 2006. After deduction of the portion attributable to minority interests and payments on Rabobank Member Certificates, Capital Securities and Trust Preferred Securities III to VI, the sum remaining was € 1,937 million compared to € 1,757 million in 2006.

Segment discussion*

Domestic retail banking

The following table sets forth certain summarised financial information for the Rabobank Group's domestic retail banking business for the years indicated:

	Year ended December 31,			
(in millions of euros)	2008	2007 (restated)	2007	2006
Interest	5,005	4,504	4,391	4,226
Fees and commission	1,354	1,379	1,379	1,259
Other income	42	25	25	66
Total income	6,401	5,908	5,795	5,551
Staff costs	2,264	2,072	2,072	2,118
Other administrative expenses	1,639	1,618	1,618	1,607
Depreciation	141	145	145	152
Operating expenses	4,044	3,835	3,835	3,877
Gross profit	2,357	2,073	1,960	1,674
Value adjustments	199	145	145	139
Operating profit before taxation	2,158	1,928	1,815	1,535
Taxation	541	495	466	444
Net profit	1,617	1,433	1,349	1,091

Year ended December 31, 2008 compared to year ended December 31, 2007

Total income. Total income was 8% higher, at € 6,401 million compared to € 5,908 million in 2007, mainly due to growth in interest income.

Interest. The rise in lending and funding through the amounts due to customers resulted in an 11% increase in interest income, to € 5,005 million compared to € 4,504 million in 2007. The spreads on lending were higher because of higher risk costs and higher funding costs, whereas the spreads on amounts due to customers were depressed by stronger competition in the savings market.

Fees and commission. Securities commission income was slightly lower reflecting continued adverse stock market conditions. Insurance commission income was likewise lower than in 2007. Commission income from treasury services and payment services was higher. Total commission income for 2008 showed a net decrease of 2%, to € 1,354 million compared to € 1,379 million in 2007.

Other income. Other income increased by € 17 million to € 42 million compared to € 25 million in 2007.

Operating expenses. Total operating expenses were 5% higher in 2008, at € 4,044 million compared to € 3,835 million in 2007.

Staff costs. Staff costs were 9% higher in 2008, at € 2,264 million compared to € 2,072 million in 2007, as a result of higher cost of contractors, salary increases and higher social insurance contributions. Staffing level in the domestic retail banking business declined by 1% to 28,953 (2007: 29,304) full-time employees.

Other administrative expenses. Other administrative expenses were 1% higher, at € 1,639 million compared to € 1,618 million in 2007.

Depreciation. Depreciation decreased by € 4 million to € 141 million compared to € 145 million in 2007, mainly due to lower depreciation on property and equipment.

Value adjustments. The item 'value adjustments' increased by 37% in 2008 to € 199 million compared to € 145 million in 2007. Due to the deteriorating economic conditions, loan losses

were higher, particularly in the corporate loan portfolio. As a result, the bad debt costs were 8 (2007: 6) basis points of average lending, against the 10-year average of 11 basis points.

Taxation. Taxation increased in 2008 by € 46 million to € 541 million compared to € 495 million in 2007.

Net profit. Net profit increased by 13% to € 1,617 million compared to € 1,433 million in 2007.

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income was 4% higher, at € 5,795 million compared to € 5,551 million in 2006, mainly due to growth in interest income.

Interest. Despite competition in the mortgages market and lower income from penalty interest, interest income in 2007 was 4% higher, at € 4,391 million compared to € 4,226 million in 2006. The increases in both lending and savings offset the effects of lower mortgage margins and lower penalty interest income.

Fees and commission. Commission income from payment transactions and other financial services were major factors in the 10% rise in fees and commission income to € 1,379 million, compared to € 1,259 million in 2006. Commission income from insurance activities was 1% lower, at € 376 million compared to € 379 million in 2006.

Other income. Other income decreased by € 41 million to € 25 million compared to € 66 million in 2006. The decrease was mainly due to lower income from associates.

Operating expenses. Total operating expenses were 1% lower in 2007, at € 3,835 million compared to € 3,877 million in 2006.

Staff costs. The staffing level declined by 71 full-time employees to 29,304 full-time employees. Accordingly, staff costs were 2% lower, at € 2,072 million compared to € 2,118 million in 2006.

Other administrative expenses. Other administrative expenses were 1% higher, at € 1,618 million compared to € 1,607 million in 2006, partly as a result of higher training costs and higher marketing expenses.

Depreciation. Depreciation decreased by € 7 million to € 145 million compared to € 152 million in 2006, mainly due to lower depreciation on property and equipment.

Value adjustments. The increase in the item value adjustments was broadly in line with the growth in lending. Value adjustments rose by 4% to € 145 million in 2007 compared to € 139 million in 2006. This corresponds to 6 basis points of average lending and is lower than the five-year average of 12 basis points.

Taxation. Taxation increased in 2007 by € 22 million to € 466 million compared to € 444 million in 2006. The lower effective tax rate is the result of the reduction in the Dutch corporate tax rate from 29.6% to 25.5%.

Net profit. Net profit increased by 24% to € 1,349 million compared to € 1,091 million in 2006.

Wholesale and international retail banking

The following table sets forth certain summarised financial information for the Rabobank Group's wholesale and international retail banking business for the years indicated:

	Year ended December 31,			
(in millions of euros)	2008	2007 (restated)	2007	2006
Interest	3,156	1,832	1,832	1,649
Fees and commission	304	332	394	372
Other income	(1,463)	(175)	320	601
Total income	1,997	1,989	2,546	2,622
Staff costs	909	890	890	867
Other administrative expenses	715	772	772	668
Depreciation	84	53	53	51
Operating expenses	1,708	1,715	1,715	1,586
Gross profit	289	274	831	1,036
Value adjustments	786	16	493	234
Operating profit before taxation	(497)	258	338	802
Taxation	(524)	(76)	(56)	115
Net profit	27	334	394	687

Year ended December 31, 2008 compared to year ended December 31, 2007

Total income. Total income was stable in 2008, at € 1,997 million compared to € 1,989 million in 2007. Although some units within Global Financial Markets performed well in the turbulent financial markets, income from this business entity decreased by € 413 million to negative €145 million compared to € 268 million in 2007. The item 'other income', which largely includes income from Global Financial Markets, fell by € 1,288 million to negative €1,463 million compared to negative € 175 million in 2007. Structured Finance saw a 37% rise in income. Commission income was 8% lower, at € 304 million compared to € 332 million in 2007, partly as a result of lower commission income from securities brokerage. The increase in spreads, the growth in lending in the international retail banking business, and the increased activities in Corporate Banking all contributed to the 72% rise in interest income, to € 3,156 million compared to € 1,832 million in 2007.

Income from Corporate Banking was 15% higher. Of total income, 43% (2007: 32%) is from international retail banking. Income from international retail banking increased by 34% to € 864 million compared to € 646 million in 2007, partly as a result of the consolidation of Bank BGZ. As a result of worsened economic conditions in Ireland, ACCBank's income was lower.

Interest. Interest increased by 72% to € 3,156 million compared to € 1,832 million in 2007 mainly due to the growth in lending in the international retail banking business and Corporate Banking activities and the increased spreads.

Fees and commission. Fees and commission income decreased by 8% to € 304 million compared to € 332 million in 2007 due to lower commission with respect to securities transactions.

Other income. Other income fell by € 1,288 million to negative €1,463 million compared to negative €175 million in 2007. The main reason for the decrease is the adverse conditions in the financial market. As a consequence of this, trading income was lower at Global Financial Markets.

Operating expenses. In 2008, total operating expenses were virtually unchanged from 2007, at € 1,708 million compared to € 1,715 million in 2007.

Staff costs. Almost all of the growth in staff numbers is due to the consolidation of Bank BGZ. The number of staff rose by 53% to 15,223 (2007: 9,957) full-time employees. Partly as a

result of a reduction of the bonuses, however, staff costs increased by only 2%, to € 909 million compared to € 890 million in 2007.

Other administrative expenses. Other administrative expenses decreased by 7% to € 715 million compared to € 772 million in 2007 mainly due to the decrease in non-banking charges as a result of the sale of a few equity investments.

Depreciation. Depreciation and amortisation charges were 58% higher, at € 84 million compared to € 53 million in 2007, partly because of higher depreciations of proprietary software and increased amortisation of intangible assets.

Value adjustments. Although Rabobank International was not directly affected by the failure of certain United States banks in 2008, these events do reflect the current unfavourable macroeconomic conditions. The Irish real estate sector was particularly affected in 2008. The financing provided by Rabobank International to this sector had a major impact on bad debt costs. The item 'value adjustments' rose by € 770 million to € 786 million compared to € 16 million in 2007. This corresponds to 93 (2007: 2) basis points of average lending, which is higher than the 10-year average of 47 basis points.

Taxation. Taxation decreased by € 448 million to negative € 524 million compared to negative € 76 million in 2007. The loss at Global Financial Markets and the higher income from Participations, the latter being largely tax-exempt because of participation exemption, contributed to the decline in taxation.

Net profit. Net profit decreased by € 307 million to € 27 million compared to € 334 million in 2007.

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income declined by 3% in 2007 to € 2,546 million compared to € 2,622 million in 2006. Although some units within Global Financial Markets benefited from the turbulence in the financial markets, income at Global Financial Markets fell by € 497 million to € 268 million. At the same time, Participations had a strong year. Income at Global Financial Markets is largely recognised in other income. As a result, other income was 47% lower, at € 320 million (2006: € 601 million). Like many others, Leveraged Finance and Structured Finance were hindered by the subprime crisis in the American mortgages market. Income from Leveraged Finance was 7% lower and income from Structured Finance was 5% lower.

Income from Corporate Banking activities was 11% higher. Of total income, 24% (2006: 19%) was from the international retail banking business. Income from retail banking activities was 23% higher, at € 624 million (2006: € 506 million). ACCBank's income showed a marginal increase, which was in line with the slight growth in lending. Income from the retail banks in other regions rose as a result of both organic growth and acquisitions.

Interest. Interest increased by 11% to € 1,832 million compared to € 1,649 million in 2006 mainly due to the growth in lending in the international retail banking business and Corporate Banking activities.

Fees and commission. Fees and commission income increased by 6% to € 394 million compared to € 372 million in 2006 due to higher commission with respect to lending and securities transactions.

Other income. Other income decreased by 47% to € 320 million compared to € 601 million in 2006. The main reason for the decrease is the adverse conditions in the financial market. As a consequence of this, trading income was lower at Global Financial Markets.

Operating expenses. Operating expenses increased by 8% to € 1,715 million compared to € 1,586 million in 2006.

Staff costs. Staff costs increased by 3% to € 890 million compared to € 867 million in 2006 due to the increase of the number of full-time employees.

Other administrative expenses. Other administrative expenses increased by 16% to € 772 million compared to € 668 million in 2006 mainly due to the expansion of activities.

Depreciation. Depreciation increased in 2007 by € 2 million to € 53 million compared to € 51 million in 2006.

Value adjustments. As a result of the credit market crisis, the item value adjustments increased to € 493 million in 2007 compared to € 234 million in 2006. This corresponds to 63

(2006: 39) basis points of average lending and is higher than the five-year average of 46 basis points.

Taxation. Taxation decreased with € 171 million to negative € 56 million compared to € 115 million in 2006. The lower result from Global Financial Markets and the higher income from Participations, the latter being largely tax-exempt because of participation exemption, contributed to the decline in taxation.

Net profit. Net profit decreased by € 293 million to € 394 million compared to € 687 million in 2006.

Asset management and investment

The following table sets forth certain summarised financial information for the Rabobank Group's asset management and investment business for the years indicated:

	Year ended December 31,			
		2007*		
<i>(in millions of euros)</i>	2008	(restated)	2007	2006
Interest	144	82	82	86
Fees and commission	1,084	1,089	1,089	648
Other income	390	308	308	102
Total income	1,618	1,479	1,479	836
Staff costs	559	581	581	330
Other administrative expenses	352	320	386	210
Depreciation	102	90	24	11
Operating expenses	1,013	991	991	551
Gross profit	605	488	488	285
Value adjustments	42	1	1	0
Operating profit before taxation	563	487	487	285
Taxation	125	125	125	62
Net profit	438	362	362	223

Year ended December 31, 2008 compared to year ended December 31, 2007

Total income. Total income increased by 9% to € 1,618 million compared to € 1,479 million in 2007. The gain was primarily due to the sale of Alex and the Transtrend Diversified Trend Program's strong investment performance.

Interest. Mainly due to the increase of interest income at Robeco, interest income was 76% higher, at € 144 million compared to € 82 million in 2007.

Fees and commission. The decrease in assets under management had a negative impact on the asset management fees. This decrease was, however, offset by the Transtrend Diversified Trend Program's strong investment results. Since Alex has ceased to be consolidated as from 2008, income from securities brokerage decreased sharply. In net terms, commission income was virtually unchanged at € 1,084 million compared to € 1,089 million in 2007.

Other income. Other income was 27% higher, at € 390 million compared to € 308 million in 2007, due, in part, to the gain from the sale of Alex. In 2007, the main drivers of other income were gains from Sarasin's disposal of its Luxembourg activities and income from its brokerage business.

Operating expenses. Total operating expenses increased by 2% in 2008 to € 1,013 million compared to € 991 million in 2007, mainly due to the expansion of Sarasin's activities.

Staff costs. The sale of Alex and staff redundancies at Robeco caused a decrease in staff numbers. Due, however, to the expansion of Sarasin's activities, the total staffing level rose by 4% to 3,620 (2007: 3,468) full-time employees. Staff costs were 4% lower, at € 559 million compared to € 581 million in 2007, as a result of a reorganisation at Robeco and decreased bonuses.

Other administrative expenses. Other administrative expenses rose by 10% to € 352 million compared to € 320 million in 2007, as a result of the expansion of activities at Sarasin.

Depreciation. Due in part to higher depreciation on intangible assets, depreciation and amortisation charges were 13% higher, at € 102 million compared to € 90 million in 2007.

Value adjustments. The adverse conditions in the financial markets resulted in a number of write-offs on financial institutions by Sarasin. As a result, the item 'value adjustments' increased by € 41 million to € 42 million compared to € 1 million in 2007.

Taxation. Taxation was stable in 2008, at € 125 million in each of 2007 and 2008.

Net profit. Net profit increased by 21% to € 438 million compared to € 362 million in 2007.

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income increased by 77% to € 1,479 million compared to € 836 million in 2006. Increases in both commission and other income were important drivers for the growth.

Interest. Interest decreased by € 4 million to € 82 million compared to € 86 million in 2006.

Fees and commission. Fees and commission income increased by € 441 million to € 1,089 million compared to € 648 million in 2006. The increase in commission income was largely due to Sarasin's full consolidation as from year-end 2006. The strong investment performance of the Transtrend Diversified Trend Program and the expansion of the Rabobank Group's interest in Transtrend also contributed to the increase in commission income.

Other income. Other income increased by € 206 million to € 308 million compared to € 102 million in 2006. The gains from the sale at Sarasin of both its Luxembourg and its brokerage activities were important drivers for this increase.

Operating expenses. Total operating expenses were 80% higher in 2007, at € 991 million compared to € 551 million in 2006. The increase was largely the result of the consolidation of Sarasin.

Staff costs. Staff costs increased by € 251 million to € 581 million compared to € 330 million in 2006, mainly due to the consolidation of Sarasin at the end of 2006.

Other administrative expenses. Other administrative expenses were € 176 million higher at € 386 million compared to € 210 million in 2006. The increase was also mainly due to the consolidation of Sarasin.

Depreciation. Depreciation increased by € 13 million to € 24 million compared to € 11 million in 2006. Besides the consolidation of Sarasin, the increase was also the result of higher depreciation on software.

Taxation. Taxation increased by € 63 million to € 125 million compared to € 62 million in 2006.

Net profit. Net profit increased by 62% to € 362 million compared to € 223 million in 2006.

Leasing

The following table sets forth certain summarised financial information for the Rabobank Group's leasing business for the years indicated:

	Year ended December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Interest	530	518	507
Fees and commission	61	52	49
Other income	424	425	286
Total income	1,015	995	842
Staff costs	377	369	305
Other administrative expenses	188	193	168
Depreciation	31	32	21
Operating expenses	596	594	494
Gross profit	419	401	348
Value adjustments	118	100	77
Operating profit before taxation	301	301	271
Taxation	66	67	65
Net profit	235	234	206

Year ended December 31, 2008 compared to year ended December 31, 2007

Total income. Total income increased by 2% to € 1,015 million compared to € 995 million in 2007. Although the spreads on new contracts improved, the spreads for the portfolio as a whole were lower due to increased funding costs.

Interest. Interest income rose by 2% to € 530 million compared to € 518 million in 2007 as a result of growth of the loan portfolio.

Fees and commission. Commission income was 17% higher, at € 61 million compared to € 52 million in 2007, due to higher brokerage commission income.

Other income. The greater part of income from car-leasing activities is recognised under other income. Other income remained stable, at € 424 million compared to € 425 million in 2007.

Operating expenses. Total operating expenses were stable in 2008, at € 596 million compared to € 594 million in 2007.

Staff costs. Increased activities resulted in a 6% rise in staff numbers, to 4,667 (2007: 4,411) full-time employees. This contributed to the 2% rise in staff costs to € 377 million compared to € 369 million in 2007.

Other administrative expenses. Other administrative expenses decreased by 3% to € 188 million compared to € 193 million in 2007, mainly as a result of lower marketing and automation costs.

Depreciation. Depreciation was stable in 2008, at € 31 million compared to € 32 million in 2007.

Value adjustments. The growth in the loan portfolio and the worsened economic situation caused an 18% increase in the item 'value adjustments' in 2008, to € 118 million compared to € 100 million in 2007. In terms of basis points of the average loan portfolio, the bad debt costs were 64 (2007: 61) basis points. The bad debt costs exceeded the level of 2007 and were lower than the 10 year average of 66 basis points.

Taxation. Taxation in 2008 decreased by € 1 million to € 66 million compared to € 67 million in 2007.

Net profit. Net profit was virtually stable in 2008, at € 235 million compared to € 234 million in 2007.

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income increased by 18% to € 995 million compared to € 842 million in 2006. The increase was mainly due to the growth of the item other income, which includes the car-leasing activities of the acquisition of Athlon.

Interest. Interest increased by 2% to € 518 million compared to € 507 million in 2006, mainly due to the increase of the lending portfolio despite downward pressures on margins.

Fees and commission. Fees and commission income increased in 2007 by € 3 million to € 52 million compared to € 49 million in 2006.

Other income. The continued growth of the car-leasing activities was an important driver for the 49% growth in other income to € 425 million compared to € 286 million in 2006.

Operating expenses. Total operating expenses were 20% higher in 2007, at € 594 million compared to € 494 million in 2006.

Staff costs. The greater part of the 21% increase in staff costs to € 369 million compared to € 305 million in 2006 was the result of the acquisition of Athlon. Staff levels grew by 7% in 2007 to 4,411 (2006: 4,128) full-time employees as a result of organic growth of the activities.

Other administrative expenses. Other administrative expenses were 15% higher, at € 193 million compared to € 168 million in 2006. The rise is due to the acquisition of Athlon and autonomous growth.

Depreciation. Depreciation was € 11 million higher at € 32 million compared with € 21 million in 2006.

Value adjustments. The item value adjustments increased to € 100 million in 2007 compared to € 77 million in 2006. This was associated with the growth of the lease portfolio and the greater portfolio share of consumer credits. This corresponds to 61 (2006: 53) basis points and is below the five-year average of 69 basis points.

Taxation. Taxation in 2007 increased by € 2 million to € 67 million compared to € 65 million in 2006. The increase was due to a higher operating profit before taxation and was partly offset by a lower taxation rate in the Netherlands.

Net profit. Net profit was 14% higher at € 234 million compared to € 206 million in 2006.

Real estate

The following table sets forth certain summarised financial information for the Rabobank Group's real estate business for the years indicated:

	Year ended December 31,		
(in millions of euros)	2008	2007	2006
Interest	85	72	98
Fees and commission	31	1	1
Other income	311	573	145
Total income	427	646	244
Staff costs	220	217	55
Other administrative expenses	131	167	43
Depreciation	43	51	3
Operating expenses	394	435	101
Gross profit	33	211	143
Value adjustments	0	2	(1)
Operating profit before taxation	33	209	144
Taxation	9	55	40
Net profit	24	154	104

Year ended December 31, 2008 compared to year ended December 31, 2007

Total income. In 2008, total income fell by 34% to € 427 million compared to € 646 million in 2007.

Interest. Interest income was 19% higher, at € 85 million compared to € 72 million in 2007, due to higher interest income at FGH Bank as a result of portfolio growth.

Fees and commission. Commission income increased by € 30 million to € 31 million compared to € 1 million in 2007, primarily as a result of higher asset management commission income at Bouwfonds REIM.

Other income. Other income was 46% lower, at € 311 million compared to € 573 million in 2007, due to lower project results and in particular the decline in the number of owner occupied houses sold.

Operating expenses. Total operating expenses were 9% lower in 2008, at € 394 million compared to € 435 million in 2007.

Staff costs. Staff numbers rose by 3% to 1,743 (2007: 1,700) full-time employees. As a result, staff costs increased by 1% to € 220 million compared to € 217 million in 2007.

Other administrative expenses. Other administrative expenses were 22% lower, at € 131 million compared to € 167 million in 2007, mainly due to the decrease in depreciation of intangible assets.

Depreciation. Depreciation decreased in 2008 by € 8 million to € 43 million compared to € 51 million in 2007.

Value adjustments. Value adjustments decreased in 2008 to € 0 million compared to € 2 million in 2007.

Taxation. Taxation decreased in 2008 by € 46 million to € 9 million compared to € 55 million in 2007.

Net profit. Net profit fell by 85% to € 24 million compared to € 154 million in 2007.

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income increased by € 402 million in 2007 to € 646 million compared to € 244 million in 2006. The increase is mainly due to the acquisition of parts of Bouwfonds in 2006.

Interest. The decline in interest income by € 26 million to € 72 million compared to € 98 million in 2006 was due to the expansion of the development activities since late 2006, which caused interest expense to increase.

Fees and commission. Fees and commission income was unchanged at € 1 million compared to 2006.

Other income. The former parts of Bouwfonds were the main contributor to the increase over 2007 by € 428 million to € 573 million compared to € 145 million in 2006.

Operating expenses. Total operating expenses were € 334 million higher in 2007, at € 435 million compared to € 101 million in 2006.

Staff costs. Mainly as a result of the acquisition of parts of Bouwfonds, staff costs rose in 2007 by € 162 million to € 217 million compared to € 55 million in 2006.

Other administrative expenses. The other administrative expenses amounted to € 168 million compared to € 43 million in 2006. The increase is mainly due to the acquisition of Bouwfonds and the amortisation of intangible assets.

Depreciation. Depreciation increased by € 48 million to € 51 million in 2007 compared to € 3 million in 2006 due to the acquisition of parts of Bouwfonds.

Value adjustments. The value adjustments amounted to € 2 million compared to negative € 1 million in 2006.

Taxation. Taxation increased in 2007 by € 15 million to € 55 million compared to € 40 million in 2006.

Net profit. Net profit increased by 48% to € 154 million compared to € 104 million in the previous year.

Liquidity and capital resources

The Rabobank Group's total assets were € 612.1 billion at December 31, 2008, a 7% increase from € 570.5 billion at December 31, 2007. The largest proportion of the Rabobank Group's existing lending portfolio (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.

Loans to customers

Loans to customers increased by 14%, or € 53.3 billion, to € 426.3 billion at December 31, 2008 from € 373.0 billion at December 31, 2007. The private sector loan portfolio increased by € 52.6 billion to € 408.6 billion at December 31, 2008, an increase of 15% from € 356.0 billion at December 31, 2007. The increase in private sector loan portfolio for private individuals, primarily for mortgage finance, was € 13.8 billion to € 194.0 billion at December 31, 2008 from € 180.1 billion at December 31, 2007. There was less demand for mortgage finance in 2007. Residential mortgage loans are granted by local Rabobanks and by Obvion. These loans are secured on underlying properties and have maturities up to 30 years. Lending to companies in the trade, industry and services sector increased by € 29.9 billion to € 146.3 billion at December 31, 2008, a 26% increase compared to December 31, 2007. Lending to the food & agri sector increased by € 8.9 billion to € 68.3 billion at December 31, 2008, a 15% increase.

The following table shows a breakdown of the Rabobank Group's total lending outstanding to the private sector at December 31, 2008 and December 31, 2007, by category of borrower:

At December 31,				
<i>(in millions of euros and as % of total private sector loan portfolio)</i>				
	2008		2007	
Private individuals	193,958	47%	180,146	50%
Trade, industry and services sector	146,336	36%	116,423	33%
Food & agri sector	68,326	17%	59,404	17%
Total	408,620	100%	355,973	100%

The maturities of loans granted by the Rabobank Group vary from overdraft facilities to 30-year term loans.

The following table provides a breakdown of the remaining maturity of the Rabobank Group's total loans to customers (public and private sector) and professional securities transactions at December 31, 2008 and December 31, 2007:

At December 31,				
<i>(in millions of euros and as % of loans to customers)</i>				
	2008		2007	
Less than 1 year	70,783	17%	87,150	23%
More than 1 year	355,500	83%	285,818	77%
Total	426,283	100%	372,968	100%

Funding

At December 31, 2008, amounts due to customers of the Rabobank Group were € 304.2 billion, an increase of 10% compared to December 31, 2007. The balance held in savings deposits increased by € 13.5 billion to € 114.7 billion, an increase of 13%. Other amounts due to customers (including current accounts, repurchase agreements and time deposits) increased by € 14.1 billion to € 189.5 billion at December 31, 2008, largely due to an increase in current accounts. Current accounts increased by € 14.2 billion to € 73.1 billion. At December 31, 2008, debt securities in issue (including certificates of deposit, commercial paper and bonds) totalled € 135.8 billion compared to € 141.8 billion at December 31, 2007. Savings deposits (except fixed-time deposits, from 1 month to 10 years) generally bear interest at rates that Rabobank Nederland can unilaterally change.

The following table shows the Rabobank Group's sources of funding by source at December 31, 2008, December 31, 2007 and December 31, 2006:

Year ended December 31,				
<i>(in millions of euros)</i>				
	2008	2007*	2007	2006
		(restated)		
Savings accounts	114,680	101,175	101,175	89,500
Other due to customers	189,534	175,435	148,340	145,417
Debt securities in issue	135,779	141,812	141,812	128,066
Other financial liabilities at fair value through profit and loss	24,797	27,303	27,303	26,270
Total	464,790	445,725	418,630	389,253

The Rabobank Group also receives funds from the interbank and institutional market. The Rabobank Group's total due to other banks were € 23.9 billion at December 31, 2008, a 48% decrease from € 46.3 billion at December 31, 2007.

Other financial assets

Other financial assets comprise shares, bonds, money market paper, short-term government paper and other forms of securities. Other financial assets are subdivided into the following categories:

- Trading financial assets;
- Other financial assets at fair value through profit or loss;
- Available-for-sale financial assets; and
- Held-to-maturity assets.

Other financial assets at December 31, 2008

<i>(in millions of euros)</i>	Trading	Other at fair value through profit and loss	Available- for-sale	Held-to- maturity	Total
Purchased loans	2,639	0	0	0	2,639
Short-term government paper	172	13	1,579	0	1,764
Government bonds	2,005	565	17,128	464	20,162
Other bonds	4,365	5,287	10,942	33	20,627
Total bonds	6,370	5,852	28,070	497	40,789
Venture capital	0	646	0	0	646
Equity instruments	2,190	229	994	0	3,413
Total shares	2,190	875	994	0	4,059
Other financial assets	205	1,156	1,022	0	2,383
Total	11,576	7,896	31,665	497	51,634
Category 1 ¹	10,670	6,654	30,413	497	48,234
Category 2 ¹	861	869	1,239	0	2,969
Category 3 ¹	45	373	13	0	431

Other financial assets at December 31, 2007

<i>(in millions of euros)</i>	Trading	Other at fair value through profit and loss	Available-for-sale	Held-to-maturity	Total
Purchased loans	2,350	0	0	0	2,350
Short-term government paper	298	61	682	0	1,041
Government bonds	2,970	514	25,049	736	29,269
Other bonds	16,187	8,815	22,552	123	47,677
Total bonds	19,157	9,329	47,601	859	76,946
Venture capital	0	314	0	0	314
Equity instruments	7,173	6,382	1,279	0	14,834
Total shares	7,173	6,696	1,279	0	15,148
Other financial assets	201	2,047	793	0	3,041
Total	29,179	18,133	50,355	859	98,526
Category 1 ¹	24,358	17,476	37,997	859	80,690
Category 2 ¹	4,821	608	12,333	0	17,762
Category 3 ¹	0	49	25	0	74

Note:

(1) Category 1: quoted market prices in an active market; category 2: valuation methods based on assumptions fully supported by demonstrable market prices or rates in an active market; category 3: valuation methods based on assumptions not or only partly supported by demonstrable market prices or rates in an active market.

Contractual obligations and contingent liabilities*

The table below provides information on the payments coming due under Rabobank Group's existing contractual obligations.

At December 31, 2008

<i>Payments due by period (in millions of euros)</i>	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No repayment date	Total
Debt securities in issue	2,892	47,444	24,871	46,994	26,636	0	148,837
Subordinated debt	0	7	2	1,319	1,119	2	2,449
Due to customers	193,657	48,539	41,403	9,200	15,187	1,221	309,207
Other financial liabilities at fair value through profit and loss	9	341	3,768	7,443	18,760	23	30,344

Other long-term obligations consist of due to customers other than debt securities (liabilities for deposits and savings, professional securities transactions and other client accounts).

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 euros)</i>	2008	2007
Guarantees, etc.	9,515	8,992
Irrevocable letters of credit	1,540	2,402
Other contingent liabilities	208	21
Total contingent liabilities	11,263	11,415

Contingent liabilities secured by assets were € 95 million at December 31, 2008 compared to € 28 million at December 31, 2007.

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 collateralised 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 euros)</i>	2008	2007
Unused credit facilities	30,878	35,553
Other	510	770
Total irrevocable facilities	31,388	36,323
Revocable credit facilities	44,402	36,432
Total credit-related and contingent liabilities	75,790	72,755

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 legislator and the Dutch Central Bank (*De Nederlandsche Bank*, or 'DNB') for supervisory purposes.

The DNB, 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.

On January 1, 2008, Rabobank Group adopted the Advanced Internal Rating Based ('AIRB') Approach to the majority of its significant portfolios that contain credit risk in accordance with the approvals granted by the DNB, and various local regulators, as required. However, there remains a small portion of the portfolio that is subject to the Standardised Approach ('SA'). Individually, these portfolios are relatively small or are related to new acquisitions in companies that themselves did not yet follow the AIRB Approach.

In addition, the EU Capital Adequacy Directive ('CAD'), which became effective on January 1, 1996, established minimum capital requirements for banks and investment firms for market

risks. The CAD was based on a proposal by the Basel Committee and has now been recast by later EU directives.

The risk asset approach to capital adequacy emphasises the importance of Tier I (core) capital. 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 certain 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 benchmark to which a risk weighting of 100% is ascribed. With the introduction of the Basel II framework the risk weighting is more risk sensitive and based on internal assessments of the creditworthiness of counterparties. In practice, this leads to an exposure-specific risk weighting. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors. The resulting amounts are then again risk-weighted according to the nature of the counterparty.

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 DNB) of the contracts plus an add-on to reflect potential future volatility in replacement cost arising from movements in market rates.

For a discussion of the Basel II framework, see 'Regulation of The Rabobank Group'.

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-weighted assets. At December 31, 2008, Rabobank Group's Tier I ratio was 12.7% (2007: 10.7%). This increase was mainly related to the introduction of Basel II. The minimum requirement set by the external supervisors is 4%. The high Tier I ratio is one of the reasons for the Rabobank Group's high credit rating.

Total risk-weighted assets decreased by € 28.5 billion to € 238.1 billion at December 31, 2008. This decrease was mainly related to the introduction of Basel II. Tier I capital increased by € 1.8 billion to € 30.4 billion at December 31, 2008. Retained earnings and the issue of Capital Securities contributed to this increase.

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital by the total of risk-weighted assets. At December 31, 2008, the BIS ratio came to 13.0% (2007: 10.9%). This 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 at December 31, 2008 and December 31, 2007, in each case calculated under the Netherlands' implementation of the relevant EU directives:

Development in capital and solvency ratios

	At December 31,	
<i>(amounts in millions of euros, except percentages)</i>	2008	2007
Tier I capital	30,358	28,518
Tier I ratio	12.7%	10.7%
Qualifying capital	30,912	29,190
BIS ratio	13.0%	10.9%

Note:

(1) Data for 2007 are based on Basel I requirements and data for 2008 have been based on the Basel II requirements with effect from January 1, 2008.

Selected statistical information*

The following section discusses selected statistical information regarding the Rabobank Group's operations. Unless otherwise indicated, average balances are calculated based on monthly balances and geographic data are based on the domicile of the customer. See 'Results of operations' for an analysis of fluctuations in the Rabobank Group's results between periods.

Return on equity and assets

The following table presents information relating to the Rabobank Group's return on equity and assets for each of the past three years:

	2008	2007	2006
Return on assets ¹	0.47%	0.45%	0.43%
Return on equity ²	8.67%	8.81%	8.57%
Equity to assets ratio ³	5.47	5.20	5.09

Notes:

(1) Net profit as a percentage of total average assets, based on month-end balances.

(2) Net profit as a percentage of average equity, based on quarter-end balances.

(3) Average equity divided by average total assets, based on quarter-end balances.

The following table presents information relating to payments on Rabobank Member Certificates for each of the past five years:

<i>(amounts in millions of euros, except percentages)</i>	2008	2007	2006	2005	2004
Outstanding Rabobank Member Certificates ¹	6,180	5,948	5,812	4,311	3,854
Payments	316	299	277	277	217
Average yield	5.11%	5.03%	4.77%	4.89%	5.23%

Note:

(1) Average Outstanding Rabobank Member Certificates based on month-end balances.

Loan portfolio

The Rabobank Group's loan portfolio consists of loans, overdrafts, assets subject to operating leases, finance lease receivables to governments, corporations and consumers and reverse repurchase agreements. The following table analyses the Rabobank Group's loan portfolio by sector at December 31, 2008, December 31, 2007 and December 31, 2006:

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Public sector	8,848	5,095	3,093
Private sector (corporate lending)	217,521	177,863	160,019
Private sector (personal lending)	194,229	180,392	166,340
Total loans (gross) excluding securities transactions	420,598	363,350	329,452
Securities transactions	3,812	14,422	28,396
Hedge accounting	5,003	(2,522)	(675)
Total loans (gross) including securities transactions	429,413	375,250	357,173
Total loans (net)¹	426,283	372,968	354,924

Note:

(1) The difference between total loans (gross) and total loans (net) represents provisions for loan losses.

The table below sets forth a geographic breakdown of the Rabobank Group's loan portfolio at December 31, 2008, December 31, 2007 and December 31, 2006:

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
The Netherlands	1,196	493	480
Other countries in the EU zone	2,654	296	270
North America	498	163	131
Latin America	781	39	48
Asia	3,668	4,079	2,134
Australia	4	3	5
Other countries	47	22	25
Total public sector	8,848	5,095	3,093
The Netherlands	298,172	269,964	243,833
Other countries in the EU zone	43,228	31,122	31,784
North America	40,415	30,207	28,707
Latin America	7,372	6,604	4,159
Asia	5,803	4,872	3,863
Australia	12,830	12,370	10,938
Other countries	800	834	826
Total private sector¹	408,620	355,973	324,110

Note:

(1) After provisions for loan losses.

Maturities and interest rate sensitivity of loan portfolio

Domestic retail – interest rate risk position, at December 31, 2008

<i>(in millions of euros)</i>	On demand	1 to 3 months	4 to 6 months	7 to 9 months	10 to 12 months	2 to 5 years	5 to 10 years	More than 10 years	Non-rate sensitive	Total
Assets on balance	21,887	59,760	11,565	8,226	8,591	85,348	56,552	28,661	3,397	283,988
Liabilities on balance	13,813	130,230	20,321	10,337	16,510	39,415	4,160	4,963	44,173	283,921
Gap on balance	8,074	(70,470)	(8,757)	(2,110)	(7,918)	45,934	52,392	23,698	(40,775)	67
Assets off balance		73,700	21,110	41	316	8,487	(14,221)	22,490		111,923
Liabilities off balance		14,972	7,943	2,018	1,529	35,899	29,144	20,486		111,989
Gap after off balance	8,074	(11,743)	4,411	(4,087)	(9,131)	18,522	9,027	25,702	(40,775)	0

The three key indicators used for managing the interest rate risk are the Basis Point Value, the Equity at Risk and the Income at Risk.

The Basis Point Value ('BPV') is the absolute loss of market value of equity after a parallel increase of the yield curve with 1 basis point. In 2008, the BPV did not exceed € 25 million.

Long-term interest rate risk is measured and managed using the Equity at Risk concept. Equity at Risk is the sensitivity of the Rabobank Group equity's market value to interest rate fluctuations. A 200 basis point overnight parallel shock of the curve will result in an 11% drop in market value of equity.

Short-term interest rate risk is monitored using the Income at Risk concept. This is the maximum amount of interest income that is put at risk on an annual basis, based on certain interest rate scenarios. If interest rates were to gradually decrease with a maximum of 200 basis points over a one-year period, the interest income would decrease by € 54 million.

Risk elements*

Cross-border outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets which are denominated in a currency other than the functional currency of the

office or subsidiary where the extension of credit is booked. To the extent that the material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

At December 31, 2008, there were no cross-border outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following table analyses cross-border outstandings as at the end of each of the last three years, stating the name of the country and the aggregate amount of cross-border outstandings in each foreign country where such outstandings exceeded 1% of total assets, by type of borrower:

<i>(in millions of euros)</i>	Banks	Public authorities	Private sector	Total
At December 31, 2008				
France	2,856	1,595	4,5	8,951
Germany	4,624	3,919	6,825	15,368
Ireland	925	561	9,273	10,759
United Kingdom	11,857	2,566	9,276	23,699
Poland	161	1,438	5,048	6,647
United States	5,796	8,225	51,169	65,190
Japan	914	6,664	205	7,783
Australia	1,427	1,164	9,36	11,951
At December 31, 2007				
France	2,382	1,402	3,437	7,221
Belgium	2,766	1,005	2,311	6,082
Germany	5,640	3,428	6,579	15,647
Ireland	1,797	413	10,205	12,415
United Kingdom	18,042	102	13,492	31,636
Switzerland	4,686	220	1,924	6,830
United States	6,634	9,787	67,848	84,269
Spain	2,610	1,048	3,007	6,665
Japan	4,838	8,371	435	13,644
Australia	960	895	10,747	12,602
At December 31, 2006				
France	3,964	1,208	6,486	11,658
Germany	6,868	4,319	6,271	17,458
Ireland	2,410	359	9,965	12,734
United Kingdom	24,617	64	20,365	45,046
United States	11,351	9,156	83,538	104,044
Spain	3,066	1,474	2,024	6,564
Japan	4,708	9,290	830	14,828
Australia	1,306	881	9,014	11,201

Loan portfolio

One of the principal factors influencing the quality of the earnings and the loan portfolio is diversification of loans, e.g. by industry or by region. In 2005, North America Industry Classification System ('NAICS') was introduced as the leading system to classify industries for Rabobank Group. NAICS distinguishes a large number of sectors, subsectors and industries.

The following table is based on data according to NAICS and represents the loan portfolio of Rabobank Group loans by main sector at December 31, 2008:

At December 31, 2008			
<i>(in millions of euros)</i>	On balance	Off balance	Total
Oilseed and grain	8,981	428	9,409
Fruit and vegetables	8,283	97	8,380
Sugar	1,874	85	1,959
Animal protein	12,792	188	12,980
Dairy	11,692	165	11,858
Farm inputs	4,637	197	4,834
Beverages	3,046	74	3,120
Food retail and food services and drinking places	4,669	216	4,885
Other food & agri	12,351	132	12,483
Total food & agri	68,326	1,581	69,907
Utilities	1,261	200	1,461
Construction	9,231	1,612	10,843
Manufacturing: textile, apparel and leather	325	9	334
Manufacturing: wood products and furniture	602	8	610
Manufacturing: paper and printing activities	1,319	79	1,399
Manufacturing: chemical products	1,734	108	1,841
Manufacturing: metal and machinery	3,608	141	3,749
Manufacturing: miscellaneous	2,824	329	3,153
Wholesale	14,595	978	15,573
Retail (except food and beverage stores)	5,150	126	5,276
Transportation and warehousing	8,459	552	9,010
Information and communication	3,768	241	4,009
Finance and insurance	27,857	2,688	30,545
Real estate, rental and leasing	29,725	399	30,125
Professional, scientific and technical services	4,072	310	4,382
Healthcare and social assistance	4,979	66	5,045
Arts, entertainment and recreation	1,585	67	1,653
Other services (except public administration)	25,243	1,111	26,354
Total trade, manufacturing and services	146,336	9,026	155,362
Private individuals	193,958	428	194,386
Total	408,620	11,035	419,656

In addition to advances to other banks (€ 34 billion at December 31, 2008 which is 6% of total assets), the Rabobank Group's portfolio contains a concentration of loans to private individuals. The total on-balance outstandings to private individuals is 47% of the total of on-balance private sector loans. Loans of Rabobank Group's portfolio are diversified across numerous sub-industry sectors. None of these is larger than 10% of total private sector loans. Furthermore, Rabobank's portfolio is spread across industries in many different countries and is therefore well diversified.

Impaired loans

A loan is impaired if it is probable that payments of principal and interest will not be made in time and in accordance with the original contractual terms of the loan. There is also a matter of impairment if the obligor is past due more than 90 days or if the obligor has filed for bankruptcy or similar protection from creditors. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan's effective rate.

The following table provides an analysis of the Rabobank Group's impaired loans by business at December 31, 2008, December 31, 2007 and December 31, 2006:

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Member banks	2,701	1,850	2,534
Rabohypotheekbank	62	36	34
Other retail	67	49	48
Total domestic retail banking	2,831	1,935	2,617
The Netherlands	347	213	394
Abroad	2,835	978	1,061
Total wholesale and international retail banking	3,182	1,191	1,455
Asset Management	42	4	1
Leasing	378	324	281
Other	140	16	1
Rabobank Group	6,573	3,470	4,355

Summary of loan loss experience

The following table shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to banks and customers for the past three years:

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Domestic retail banking	1,303	1,228	1,204
Wholesale and international retail banking	778	846	978
Asset management and investment	4	1	3
Leasing	242	233	193
Real estate	27	24	30
Other	0	0	30
Total balance at January 1	2,355	2,333	2,438
Domestic retail banking	211	160	151
Wholesale and international retail banking	814	25	248
Asset management and investment	42	1	0
Leasing	139	108	81
Real estate	0	3	(1)
Other	42	0	2
Total additions	1,249	296	480
Domestic retail banking	(164)	(130)	(157)
Wholesale and international retail banking	(155)	(109)	(330)
Asset management and investment	(4)	0	(3)
Leasing	(116)	(93)	(76)
Real estate	(2)	0	(3)
Other	0	0	0
Total amount charged to the provisions	(441)	(332)	(568)

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Domestic retail banking	47	44	31
Wholesale and international retail banking	98	17	(50)
Asset management and investment	0	3	0
Leasing	(9)	(6)	36
Real estate	0	0	(2)
Other	0	0	(32)
Total other	136	58	(17)
Domestic retail banking	1,398	1,303	1,228
Wholesale and international retail banking	1,536	778	846
Asset management and investment	42	4	1
Leasing	256	242	233
Real estate	25	27	24
Other	42	0	0
Total balance at December 31	3,299	2,355	2,333
Total additions	1,249	296	480
Recoveries	(60)	(31)	(30)
Bad debt costs	1,189	266	450

Deposits

The following table presents the year-end amounts, of each deposit category at December 31, 2008, December 31, 2007 and December 31, 2006. Interest rates paid on customer deposits by banks and individuals reflect market conditions. Not all current accounts earn interest.

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Time deposits (non-banks)	81,554	82,139	46,345
Current accounts	59,832	46,584	51,111
Professional securities transactions (repo's securities)	664	3,694	8,107
Other	31,326	30,713	28,010
Total deposits by businesses	173,376	163,130	133,573
Savings accounts	114,680	101,175	89,500
Current accounts	13,230	11,848	11,056
Other	2,928	457	788
Total deposits by individuals	130,838	113,480	101,344
Total deposits by businesses and individuals	304,214	276,610	234,917

Short-term borrowings

Short-term borrowings are borrowings with an original maturity of one year or less. These are included in the Rabobank Group's consolidated balance sheet under 'Debt securities in issue'. An analysis of the balance of short-term borrowings at December 31, 2008, December 31, 2007 and December 31, 2006 is provided below.

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Year-end balance	55,385	58,440	58,766
Average balance	61,010	61,277	60,211
Maximum month-end balance	68,963	67,358	63,524

Long-term borrowings

Long-term borrowings are borrowings with an original maturity of more than one year. These are included in the Rabobank Group's consolidated balance sheet under 'Debt securities in issue' and 'Other financial liabilities at fair value through profit and loss'. An analysis of the balance of long-term borrowings at December 31, 2008, December 31, 2007 and December 31, 2006 is provided below.

	At December 31,		
<i>(in millions of euros)</i>	2008	2007	2006
Year-end balance	105,191	110,675	95,570
Average balance	110,327	109,288	90,052
Maximum month-end balance	112,900	112,919	98,709

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of the Rabobank Group, which have been audited by Ernst & Young, independent auditors, with exception of the bad debt expenses, which are derived from the annual report of Rabobank Group. The data should be read in conjunction with the consolidated financial statements, related notes and the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' included in this Offering Circular. The Rabobank audited consolidated financial statements for the year ended December 31, 2008 and December 31, 2007 have been prepared in accordance with IFRS as adopted by the European Union.

Consolidated balance sheet

	At December 31,	
<i>(in millions of euros)</i>	2008	2007
ASSETS		
Cash and cash equivalents	7,105	2,129
Due from other banks	33,776	43,218
Trading financial assets	11,576	29,179
Other financial assets at fair value through profit and loss	7,896	18,133
Derivative financial instruments	66,759	26,089
Loans to customers	426,283	372,968
Available-for-sale financial assets	31,665	50,355
Held-to-maturity financial assets	497	859
Investments in associates	3,455	4,558
Intangible assets	3,728	3,183
Property and equipment	5,870	5,572
Investment properties	1,038	1,105
Current tax credits	298	419
Deferred tax assets	1,619	1,577
Other assets	10,555	11,159
Total assets	612,120	570,491

	At December 31,	
<i>(in millions of euros)</i>	2008	2007
LIABILITIES		
Due to other banks	23,891	46,332
Due to customers	304,214	276,610
Debt securities in issue	135,779	141,812
Derivative financial instruments and other trading liabilities	77,230	31,097
Other debts	8,644	10,518
Other financial liabilities at fair value through profit and loss	24,797	27,303
Provisions	875	1,167
Current tax liabilities	227	202
Deferred tax liabilities	474	851
Employee benefits	371	896
Subordinated debt	2,159	2,294
Total liabilities	578,661	539,082

	At December 31,	
<i>(in millions of euros)</i>	2008	2007
EQUITY		
Equity of Rabobank Nederland and local Rabobanks	20,074	19,684
Rabobank Member Certificates issued by a group company	6,236	6,233
	<u>26,310</u>	<u>25,917</u>
Capital Securities and Trust Preferred Securities III to VI	3,510	2,779
Minority interests	3,639	2,713
	<u>33,459</u>	<u>31,409</u>
Total equity		
	<u>33,459</u>	<u>31,409</u>
Total equity and liabilities	<u>612,120</u>	<u>570,491</u>

Consolidated profit and loss account

	Year ended December 31,	
<i>(in millions of euros)</i>	2008	2007
Interest income	27,245	29,356
Interest expense	18,728	22,585
	<u>8,517</u>	<u>6,771</u>
Interest		
Fee and commission income	3,400	3,394
Fee and commission expense	511	537
	<u>2,889</u>	<u>2,857</u>
Fees and commission		
Income from associates	(26)	753
Net income from non-trading financial assets and liabilities at fair value through profit and loss	(1,155)	(515)
Gains on available-for-sale financial assets	(51)	64
Other	1,478	1,092
	<u>11,652</u>	<u>11,022</u>
Income		
Staff costs	4,290	4,400
Other administrative expenses	2,796	2,779
Depreciation and amortisation	525	484
	<u>7,611</u>	<u>7,663</u>
Operating expenses		
Value adjustments	1,189	266
	<u>2,852</u>	<u>3,093</u>
Operating profit before taxation		
Taxation	98	397
	<u>2,754</u>	<u>2,696</u>
Net profit for the year		
Of which attributable to Rabobank Nederland and local Rabobanks	2,089	1,971
Of which attributable to holders of Rabobank Member Certificates	316	299
Of which attributable to Capital Securities	94	17
Of which attributable to Trust Preferred Securities III to VI	100	106
Of which attributable to minority interests	155	303
	<u>2,754</u>	<u>2,696</u>
Net profit for the year		
	<u>2,754</u>	<u>2,696</u>

Financial ratios:

	2008	2007
BIS ratio ¹	13.0%	10.9%
Tier I ratio ¹	12.7%	10.7%
Bad debt costs (in basis points of average lending)	31	8

Note:

(1) Data for 2007 are based on Basel I requirements and data for 2008 have been based on the Basel II requirements with effect from January 1, 2008.

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, the 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 Rabobank Group ('BRMC-RG') in cooperation with the Group Risk Management department. The BRMC-RG 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. The Rabobank Group's risk management policies relating to credit risk are developed by the Policy Credit Committee Rabobank Group in cooperation with the Group Risk Management and the Credit Risk Management department. These two committees report to the Executive Board, which is ultimately responsible for risk management within the Rabobank Group.

The principal risks faced by the Rabobank Group are credit risk, market risk, interest rate risk, country risk, liquidity risk and operational risk. Rabobank has implemented an economic capital framework to determine the amount of capital it should hold on the basis of its 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 analysed by using the same methodology. See also 'Risk Factors'.

Risk Adjusted Return On Capital

Relating the profit achieved on a certain activity to the capital required for that activity produces the Risk-Adjusted Return On Capital ('RAROC'). RAROC is calculated by dividing economic return by economic capital. The calculation and review of RAROC across the Rabobank Group's 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 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 a 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. For the year ended December 31, 2008, Rabobank realised a RAROC after tax of 12.5%.

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, credit spreads, commodity prices and equity share prices. The BRMC-RG is responsible for developing and supervising market risk policies and monitors the Rabobank Group's worldwide market risk profile. On a daily basis, the Market Risk 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 DNB. 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 Market Risk department, as well as the BRMC-RG in evaluating the Rabobank Group's market positions.

During the year 2008, the Value at Risk fluctuated between € 31 million (2007: € 20 million) and € 58 million (2007: € 32 million), with an average of € 39 million (2007: € 26 million). The increased turmoil in the financial markets and the large fluctuations, particularly in credit spreads and interest rates, caused the Value at Risk to rise by more than 50% over 2008. As a result of

the unwinding of certain market positions, the increase in Value at Risk was less than might otherwise have been expected given market developments.

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 DNB.

Value at Risk models have certain limitations; they are more reliable during normal market conditions, and historical data may fail to predict the future. Therefore, Value at Risk results cannot guarantee that actual risk will follow the statistical estimate.

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-RG using both the accrual based Income at Risk concept and the value based 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 the concept of 'Income at Risk', which is the maximum amount of interest income-at-risk for the coming 24 months, due to increases/decreases in interest rates of 200 basis points, assuming a stable balance sheet and no management intervention. In this Income at Risk scenario a gradual increase/decrease of 200 basis points is assumed during the first year, while during the second year interest rates are assumed to remain stable.

The Rabobank Group's long-term interest rate risk is measured and controlled based on the concept of 'Equity at Risk', which is the sensitivity of the Rabobank Group's market value of equity to an instant change in interest rates of 200 basis points.

As at December 31, 2008, the Income at Risk ('IatR') and Equity at Risk ('EatR') for the Rabobank Group were as follows:

	200 basis points increase	200 basis points decrease
IatR 1 – 12 months	+ € 35 million	– € 54 million
IatR 13 – 24 months	– € 87 million	+ € 36 million
EatR	– 11%	+ 11%

Rabobank Group performs complementary scenario analyses to assess the impact of changes in customer behaviour and the economic environment.

Credit risk

The Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent credit policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. Of the Rabobank Group's credit loan portfolio to the private sector, 47% in 2008 consisted of loans to private individuals, mainly residential mortgages, which tend to have a very low risk profile in relative terms. The remaining 53% was 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 department and Group Risk Management department play a key role. Credit applications beyond certain limits are subject to a thorough credit analysis by credit officers of Credit Risk Management. Group Risk Management monitors 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. Internal credit ratings are assigned to borrowers by allocating all outstanding loans into various risk categories on a regular basis.

The following table shows the impaired loans (i.e. the amount of loans for which an allowance has been taken) per business unit as a percentage of private sector loans:

Impaired loans/private sector lending per business unit

	Year ended December 31,		
	2008	2007	2006
Domestic retail banking	1.05%	0.79%	1.18%
Wholesale and international retail banking	3.48%	1.53%	1.93%
Leasing	1.95%	1.91%	1.82%
Rabobank Group	1.65%	0.97%	1.34%

Bad and doubtful debt

Rabobank Group's credit portfolio is routinely monitored for doubtful and bad debts, which results in review of the credit quality and consequently, if needed, adjustment of the credit rating and taking an allowance. Within Rabobank Group, a formal analysis of specifically identified larger non-performing 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 bad debt costs for the three years ended December 31, 2008, 2007 and 2006, per business unit as a percentage of private sector lending:

Bad debt costs/average private sector lending per business unit

	Year ended December 31,		
	2008	2007	2006
Domestic retail	0.08%	0.06%	0.07%
Wholesale and international retail banking	0.93%	0.02%	0.39%
Leasing	0.64%	0.61%	0.53%
Rabobank Group	0.31%	0.08%	0.15%

In determining the bad debt costs, 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 the Rabobank Group's commitments to the customer;
- the realisable value of any collateral (security) for the loan; and
- the costs associated with obtaining repayment and realisation of any security.

Country risk

Loans to parties abroad expose the Rabobank Group not only to the customary credit risk but also to country risk. Country risk is specifically attributable to events in a specific country or group of countries. The Rabobank Group encounters country risk in its lending, trading and investment activities. Country risk is managed using a system of internal ratings for relevant countries. Based on these ratings and the determination of the Country Limit Committee as to how much risk to take on, internal limits per country are established. Decisions on country risk limits are taken at Executive Board level and are based on recommendations of the Country Limit Committee. The calculation of additional capital requirements and provisions for country risk are made in accordance with internal guidelines and relate primarily to countries with a high transfer risk.

Liquidity risk

Liquidity risk is the risk that a member of the Rabobank Group will not be able to meet its financial liabilities when due. The Rabobank Group policy provides that the maturity of funding is aligned with the maturity of the loans. In addition, this risk is managed in three different ways. First, the Bank limits outgoing cash flows by measuring and reporting on a daily basis which

incoming and outgoing cash flows are to be expected over the next 30 days. In addition, limits have been set for such outgoing cash flows for each currency and location. In order to be prepared for possible crises, detailed contingency plans are in place that provide the procedures to be followed.

Secondly, a large buffer of liquid securities is being held. If necessary, these assets can be used for borrowings from central banks, in repo transactions or for direct selling in the market as a way of generating liquidity.

Thirdly, liquidity risk is limited by Rabobank Group's prudent funding policy, which is to meet the funding requirements of the Rabobank Group entities at an acceptable cost. In this context, diversification of funding sources and currencies, flexibility of the funding instruments used and active investor relations play an important role. This prevents Rabobank Group's overdependence from a single source of funding.

Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets. Methods used to measure liquidity risk include the CA/CL method (Core Assets/Core Liabilities). Using various time periods, a quantification is made of the assets, unused facilities and liabilities that are expected to remain on the balance sheet after assumed and closely defined stress scenarios have occurred. These remaining assets and liabilities are referred to as Core Assets and Core Liabilities, respectively, and their inter-relationship is the liquidity ratio. A ratio below 1.2 is considered adequate and in 2008, this was the case for the scenarios used.

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. The Rabobank Group has a Group-wide operational risk policy. Decentralised databases are set up at all entities to record operational incidents and report them on a quarterly basis. 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 Rabobank Group policy.

GOVERNANCE OF THE RABOBANK GROUP

Corporate governance

In recent years the corporate governance of organisations has been of particular public interest. Rabobank Group uses a system of checks and balances at all its corporate levels. A distinguishing element in Rabobank Group's governance is the Central Delegates Assembly (*centrale kringvergadering*) ('CKV'), Rabobank Group's parliament, which meets at least four times a year and where Rabobank Nederland's members are able to participate in Rabobank Nederland's strategic decisions. Rabobank Group's corporate governance is broadly consistent with the Dutch corporate governance code. Additionally, it will take into account any outcomes from the Frijns committee's (a committee monitoring compliance with the Dutch corporate governance code) review of this code that may be relevant to the Bank. The following pages discuss all aspects, thus demonstrating Rabobank Group's balanced corporate governance.

Cross-guarantee system

Rabobank Group consists of the local Rabobanks, their central organisation Rabobank Nederland and its subsidiaries and other affiliated entities. Through their mutual financial association, various legal entities within Rabobank Group together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Section 3:111 of the Financial Supervision Act. This relationship is formalised in an internal 'cross-guarantee' system, which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution's funds in order to enable it to fulfil those obligations.

Executive Board

The Executive Board (*raad van bestuur*) of Rabobank Nederland is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities. This includes responsibility for the achievement of the objectives of Rabobank Group as a whole, its strategic policy, its results, the synergy within Rabobank Group, compliance with all relevant laws and regulations, the management of business risks and the financing of Rabobank Group. The Executive Board reports on all these aspects to the Supervisory Board (*raad van commissarissen*) of Rabobank Nederland, the Central Delegates Assembly (the organisation's 'parliament', which is authorised to take decisions on behalf of the local Rabobanks) and the General Meeting (*algemene vergadering*) of Rabobank Nederland, which is formed by the members, i.e. the local Rabobanks.

The management of Rabobank Group is based in part on the interrelationship between risk, return and capital. The Financial Supervision Act and the subordinate legislation based thereon, as well as regulations imposed by the supervisory authorities – i.e. the DNB and the AFM – have formulated standards for financial institutions. The supervision on the Bank's solvency and stability – i.e. prudential supervision – is performed by DNB, while the AFM has the supervision of the Bank's conduct. Obviously, these regulations form the framework for the organisation and control of Rabobank Group's activities.

The members of the Executive Board are appointed by the Supervisory Board for a four-year period, but their contracts of employment are for an indefinite period. They may be dismissed and suspended by the Supervisory Board. The Supervisory Board determines the remuneration of the members of the Executive Board and reports on this to the Confidentiality Committee of the Central Delegates Assembly. The principles of the remuneration policy for the Executive Board, as recommended by the Supervisory Board, are established by the Central Delegates Assembly. Finally, the Supervisory Board periodically assesses and follows up on the Executive Board's performance. The Executive Board is responsible for the authorisation of debenture issues of Rabobank Nederland, under the approval of the Supervisory Board.

Supervisory Board

The Supervisory Board performs the supervisory role within Rabobank Nederland. This means that the Supervisory Board supervises the policy pursued by the Executive Board and the general conduct of affairs of Rabobank Nederland and its affiliated entities. As part of this task, the achievement of Rabobank Group's objectives, the strategy, business risks, the design and operation of the internal risk management and control systems, the financial reporting process

and compliance with laws and regulations are discussed at length and tested regularly. In addition, the Supervisory Board has an advisory role in respect of the Executive Board.

In the performance of their duties, the members of the Supervisory Board act in the interests of all stakeholders of Rabobank Nederland and its affiliated entities. Certain key Executive Board decisions are subject to Supervisory Board approval. Examples include decisions on strategic collaboration with third parties, major investments and acquisitions, as well as the annual adoption of policy plans and the budget.

The members of the Supervisory Board are appointed by the General Meeting on the recommendation of the Supervisory Board. The independence of the individual members is an important consideration in this respect. The Confidentiality Committee of the Central Delegates Assembly determines the remuneration of the members of the Supervisory Board and has a say in the profile of the members of the Supervisory Board.

The Supervisory Board annually assesses its own performance, in terms of the collective body's performance and that of its individual members. Initiatives are developed regularly in order to keep the members of the Supervisory Board up-to-date on developments in the institutional and legal environment in which the Bank operates and on risk management systems. The Supervisory Board has five committees: the Cooperative Issues Committee, the Audit & Compliance Committee, the Appointment Committee, the Remuneration Committee and the Appeals Committee.

Member influence

An important precondition for good corporate governance at Rabobank Group is an open culture with clear accountability for management and supervision. Without transparency, Rabobank Nederland cannot account to the local Rabobanks on Rabobank Nederland's management and supervision of the entities forming the Rabobank Group, nor can this be assessed. The local Rabobanks are members of the Rabobank Nederland cooperative. This membership entails rights and obligations. The influence and control of the local Rabobanks are manifested through their representation in two bodies: the Central Delegates Assembly and the General Meeting. In addition, the local Rabobanks are Rabobank Nederland's shareholders.

Central Delegates Assembly

As from January 1, 2007, the local Rabobanks are organised geographically in 12 regions. The Boards of the Regional Delegates Assemblies form the Central Delegates Assembly (*centrale kringvergadering*) ('CKV'). Through the representation of the local management and supervisory bodies in the Regional Delegates Assemblies, the members/clients of the local Rabobanks are represented in the CKV, which meets in Utrecht at least four times a year.

The CKV's powers include the establishment of rules that all local Rabobanks must comply with and the establishment of the Strategic Framework. The outcome directly influences Rabobank Group's policy. The CKV also approves the annual plan and the budget of the local Rabobanks. The CKV has substantive discussions, which mainly concern the local Rabobanks. These discussions are held not only as part of the CKV's specific duties and powers, but also with the aim of encouraging commitment in the local Rabobanks and consensus between the local Rabobanks and Rabobank Nederland.

Consequently, the manner in which Rabobank Nederland accounts for its policy to its members is more extensive than the account rendered by a typical listed public company to its shareholders. Because of the special relationship between Rabobank Nederland and its members, the CKV enjoys very high attendance. In order to operate more effectively, the CKV has appointed committees, which are charged with special duties. They are: the Committee on Confidential Matters (advises on appointments in the Supervisory Board, fixes the Supervisory Board's remuneration and assesses the Supervisory Board's application of the remuneration policy), the Coordinating Committee (draws up the agenda of the CKV and subjects items for the agenda to formality compliance tests) and the Emergency Affairs Committee (advises the Executive Board on behalf of the CKV in urgent and confidential cases concerning major investments or divestments).

In order to maintain maximum effectiveness of the CKV, an internal committee was established in 2006 whose task was to advise on the CKV's desired future size and composition. The committee's recommendations included the following: to reduce the CKV membership from

120 to 72, to introduce observers in the CKV and to confirm the CKV's composition according to the ratio of '2 elected members to 1 appointed member'. These recommendations have been implemented.

General Meeting

The General Meeting (*algemene vergadering*) is the body through which all local Rabobanks, as members of Rabobank Nederland, can exercise direct control. The General Meeting deals with important issues, such as the adoption of the financial statements, approval and endorsement of management and supervision, amendments to the Articles of Association and regulations, and the appointment of members of the Supervisory Board. The CKV issues advice prior to the General Meeting on all the items on the agenda. This procedure ensures that, prior to the General Meeting, these subjects have been discussed in detail on a local, regional and central level. The local Rabobanks have voting rights in the General Meeting in proportion to their size. Because of the special relationship between Rabobank Nederland and its members, the General Meeting enjoys almost full attendance.

Employee influence

A few years ago, the Group Works Council of Member Banks ('GOR AB') was created as an employee representative body. It acts as a discussion partner to the manager on issues that concern the social policy of all local Rabobanks. The creation of the GOR AB does not affect the position of Rabobank Nederland's Works Council or the existing Works Councils of the local Rabobanks. As a result, they continue to act in full as employee representative bodies within the meaning of the Works Councils Act.

Corporate governance of the local Rabobanks

Only banks that have a cooperative structure and whose Articles of Association have been approved by Rabobank Nederland can be members of Rabobank Nederland. In turn, the local Rabobanks have members as well, who are local clients. The local Rabobanks have strictly defined rights and obligations towards Rabobank Nederland and each other.

Pursuant to the prudential supervision part of the Financial Supervision Act and under Rabobank Nederland's Articles of Association and the Articles of Association of the local Rabobanks, Rabobank Nederland supervises the local Rabobanks on the integrity of their operations, solvency and liquidity. In addition, under the conduct supervision part of the Financial Supervision Act, Rabobank Nederland has been appointed by the Dutch Finance Ministry as the holder of a collective license that also includes the local Rabobanks. Thus, the supervision of conduct by the AFM is exercised through Rabobank Nederland.

Management and supervision of the local Rabobanks

Two governance models are possible for the local Rabobanks. The introduction of a second governance model – the executive model – besides the existing partnership model was prompted at the time by the wish to respond to internal and external changes, for example, the ongoing scaling-up process, a changing market and increasing legislation and regulations. Both governance models focus on ensuring effective management as well as professional and independent supervision. The effectiveness of both models will be reviewed during 2009.

Since both governance models provide assurance of effective member influence and control, the governance of the local Rabobanks will continue to be carried out both adequately and professionally in the future, but also in a way that befits their cooperative character. The members of all the local Rabobanks have important powers, for instance to adopt the financial statements, to amend the Articles of Association, to appoint members of the Supervisory Board and to approve and endorse management and supervision. In addition, account is rendered to the members in respect of the bank's management and supervision.

Partnership model

In the Partnership model, the Board of each local Rabobank consists of persons elected by the members from their ranks, plus a managing director who is appointed by the Supervisory Board. The managing director is primarily concerned with the day-to-day management of the bank's operations. The Supervisory Board supervises the Board.

Executive model

In the executive model, each local Rabobank has a Board of Directors comprising several persons appointed by the Supervisory Board, which operates under the supervision of the Supervisory Board. In this model, no Board members are elected by the members from their ranks, as is the case in the partnership model.

Member council

Local Rabobanks using the executive model must institute a member council in order to firmly and permanently embed member influence and control in the structure. An increasing number of banks using the partnership model have established a member council as well. The member council is a delegation of all members elected by the members from their ranks. The member council assumes the bulk of the powers of the General Meeting and promotes and structures member control and engagement. The General Meeting continues to exist, but decides only on major issues that impact the local Rabobank's continued existence.

Corporate governance information on the Internet

Rabobank Group has placed information on its corporate governance and activities on its public Internet site, including a full explanation of the areas in which Rabobank Group deviates from the Dutch Corporate Governance Code. While Rabobank Group endorses the Dutch Corporate Governance Code's principles and implements the majority of its elements, it does not implement a number of principles and best practice provisions on account of its cooperative structure.

Controls over financial reporting

Rabobank Group constantly seeks to improve its corporate governance and overall internal controls, for example, by endorsing the principles of the Dutch Corporate Governance Code. Rabobank Group seeks an open culture and transparent accountability in respect of policies and supervision, and to remain in line with the leading risk management practices in the world.

Rabobank Group voluntarily assessed the internal controls over financial reporting in a manner similar to that which U.S.-registered companies have done pursuant to Section 404 of the United States Sarbanes-Oxley Act of 2002, even though Rabobank Group is not a registrant with the United States Securities and Exchange Commission and, thus, is not subject to the Sarbanes-Oxley Act or related regulations and oversight.

Rabobank Group believes that the review of its internal controls over financial reporting has increased the effectiveness of those controls, including its ability to identify and to remediate any deficiencies at an earlier stage. This results in greater transparency for all stakeholders in the quality of Rabobank Group's financial reporting process. As a result of its review, Rabobank Group has identified areas to improve, simplify and standardise specific business processes.

Rabobank Group has established and maintains a comprehensive system of internal control measures designed to ensure transactions are executed as authorised, financial reporting is accurate and reliable, and assets are safeguarded.

Rabobank Group has implemented a process whereby finance and business executives throughout Rabobank Group assess and attest to the accuracy of financial information as well as the adequacy and effectiveness of internal control over financial reporting. Rabobank Group has adopted policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as adopted by the European Union, and that receipts and expenditures are made only in accordance with authorisations of Management; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

The internal control framework for the organisation and control of Rabobank Group's activities is based on the framework set forth by the Committee of Sponsoring Organisations of

the Treadway Commission ('COSO'). As set out in the report included in the financial statements, the Executive Board concluded that Rabobank Group's internal control over financial reporting is adequate and effective, consistent with the criteria established by COSO.

Risk management

The management of Rabobank Group is based on its strategic principles and, by extension, on the interrelationship between risk, return and capital. Both the DNB and the Bank itself have formulated standards concerning Rabobank's organisation and control.

Rabobank's organisation and control are subject to the Dutch Financial Supervision Act, including subordinate legislation based thereon, and regulations imposed by both the DNB and the AFM as supervisory authorities. These legal requirements and supervisors' regulations form Rabobank Group's framework for the organisation and control of its activities. For further information, please refer to the relevant sections in this Offering Circular, and in particular to the section above on 'Controls over financial reporting', which addresses risks relating to financial reporting, and the 'Risk Management', which includes a description of control systems relating to the most important other risks identified by Rabobank Group.

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

Supervisory Board of Rabobank Nederland

Name	Born	Year Appointed ¹	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndsen	1942	2002	2009	Dutch
Bernard (B.) Bijvoet	1940	2002	2012	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2010	Dutch
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2011	Dutch
Paul (P.F.M.) Overmars	1945	2005	2012	Dutch
Herman (H.C.) Scheffer	1948	2002	2010	Dutch
Martin (M.J.M.) Tielen	1942	2002	2009	Dutch
Aad (A.W.) Veenman	1947	2002	2010	Dutch
Cees (C.P.) Veerman	1949	2007	2011	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	2010	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2011	Dutch

Note:

(1) As a result of a 2002 amendment of the management organisation of Rabobank Nederland, the former supervisory council was replaced by the Supervisory Board due to which the appointment date for a number of supervisory directors was fixed at 2002 even though they had been previously on the supervisory council.

Lense (L.) Koopmans: Chairman of the Supervisory Board of Rabobank Nederland. Emeritus Professor of Economics at the University of Groningen. Chairman of the Board of Directors of Stichting TBI. Chairman of the Supervisory Board of Siers Groep B.V. Chairman of the Supervisory Board of Arriva Nederland B.V. Chairman of the Supervisory Board of TSS B.V. Member of the Supervisory Board of Huntsman Holland B.V. Member of the Supervisory Board of KIWA N.V. Member of the Supervisory Board of NOM N.V. Member of the Board of Directors of Stichting Administratiekantoor Unilever N.V. Vice-chairman of the Board of Supervision of the University Medical Centre, Groningen. Chairman of the Board of Supervision of the Fries Museum en Prinsessehof.

Leo (L.J.M.) Berndsen: Professional supervisory director. Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of AON Nederland. Member of the Board of Stichting TBI. Member of the Board of Stichting Administratiekantoor VION.

Bernard (B.) Bijvoet: Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of Essent N.V. Chairman of the Supervisory Board of AH Kaascentrale B.V. Acting member of the Board of Directors of Vereniging Achmea.

Sjoerd (S.E.) Eisma: Partner De Brauw Blackstone Westbroek N.V. Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of HAL Holding N.V. Member of the Supervisory Board of Grontmij N.V. Deputy judge at The Hague Court. Professor occupying an endowed chair at the University of Amsterdam. Member of the Capital Market Committee, Financial Markets Authority (*Autoriteit Financiële Markten*). Vice-chairman of the Board of Directors of the Securities Law Association. Contributor to *Nederlands Juristenblad*. Member of the Board of Directors of the Anton Philips Fund. Member of the Board of Directors of Stichting Pensioenfonds HAL. Member of the Advisory Board of Sunsmile Trading/Sunsmile de Mozambique, Limitada. Member of the Board of Directors of Willem-Alexander Kinderfonds. Member of the Board of Stichting Haags Kinderatelier. Vice-chairman of the Board of Stichting Holland Financial Centre. Chairman of the Board of Supervision of the Royal Academy of Art, Music and Dance (*Hogeschool van Beeldende Kunsten, Muziek en Dans*).

Louise (L.O.) Fresco: University Professor, University of Amsterdam. Distinguished Professor at Wageningen University. Member of the Supervisory Board of Rabobank Nederland. Member of the Recommendation Committee for the University Asylum Fund. Member of the Spanish Academy of Engineering Sciences. Member of the Swedish Academy of Agricultural and Forestry Sciences. Crown-Appointed Member of the Social and Economic Council of the Netherlands (SER). Member of the Board of Supervision of the United Nations University in Tokyo. Member of the Delta Committee on sea level rise. Columnist, NRC Handelsblad.

Marinus (M.) Minderhoud: Member of the Supervisory Board of Rabobank Nederland. Vice Chairman of the Supervisory Board of Eureko B.V. (Achmea). Chairman of the Supervisory Board of Agis Zorgverzekeringen N.V. Chairman of Vodafone Europe B.V. Chairman of Vodafone International Holdings B.V.

Paul (P.F.M.) Overmars: Former Vice-chairman of the Executive Board of Eureko B.V. and former CEO of Achmea (*currently retired*). Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of Eureko B.V. Vice-chairman of the Board of Directors of Vereniging Achmea. Chairman of Stichting Muziek in Grote of Sint Jeroenskerk in Noordwijk. Chairman of the Board of Directors of the Eureko/Achmea Foundation.

Herman (H.C.) Scheffer: Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of 3 Mollen. Member of the Supervisory Board of the Coöperatieve Cehave Landbouwbelang U.A. Member of the Supervisory Board of the Heerema Group. Member of the Supervisory Board of Elysians B.V. Member of the Advisory Board of Gilde.

Martin (M.J.M.) Tielen: Emeritus Professor at Utrecht University. Member of the Supervisory Board of Rabobank. Member of the Executive Board and Treasurer of the International Society for Animal Hygiene (ISAH). Chairman of the Stichting Stimulerend Agrarisch Onderwijs en Praktijk. Chairman of the Stichting Professor Tielen Fonds. Member of the Board of Directors of Vereniging Achmea.

Aad (A.W.) Veenman: Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of TenneT B.V. Member of the Supervisory Board of GVB (*Gemeentelijk Vervoerbedrijf Amsterdam*). Chairman of the Board of Supervision of ICT Regie. Member of the Supervisory Board of the ECN. Chairman Advisory Board Nationaal Lucht & Ruimtevaartlaboratorium. Chairman Community of European Railway and Infrastructure Companies (CER).

Cees (C.P.) Veerman: CEO of Bracamonte B.V. in Groesbeek. Professor at Tilburg University and Wageningen University focusing on the field of sustainable rural development from a European perspective. Member of the Supervisory Board of Rabobank Nederland. Member of the Supervisory Board of Clearwood B.V. Member of the Supervisory Board of Barenbrug B.V. Member of the Supervisory Board of Koninklijke Reesink N.V. Member of the Supervisory Board of the Netherlands Genomics Initiative. Chairman of the Board of Supervision for the Kennis voor Klimaat (Knowledge for Climate) research project. Chairman of the Delta Committee. Chairman of the Society for the Preservation of Nature Reserves in the Netherlands (*Vereniging Natuurmonumenten*). Chairman of the Research Institute of Christian Democratic Appeal (CDA).

Antoon (A.J.A.M.) Vermeer: Chairman of the Board of Directors of Zuidelijke Land en Tuinbouw Organisatie (ZLTO). Member of the Maatschap Melkveehouderijbedrijf (dairy farming partnership). Vice-chairman of the Supervisory Board of Rabobank Nederland. Chairman of the Supervisory Board of VION N.V. Chairman of the Supervisory Board of Eureko B.V. Member of the Board of Governors of the ZLTO Food, Farming and Agribusiness Chair, Tilburg University. Vice-Chairman of the Federation Committee of LTO Nederland (*Land en Tuinbouw Organisatie*). Chairman of the Agricultural Innovation Agency (*Landbouwinnovatiebureau, LIB*) for the Province of North Brabant. Chairman of the Board of Supervision of the Historische en Archeologische Stichting (HAS).

Arnold (A.H.C.M.) Walravens: Chairman of the Supervisory Board of Eureko B.V. Member of the Supervisory Board of Rabobank Nederland. Chairman of the Supervisory Board of Achmea Re Luxembourg. Member of the Supervisory Board of OWM Molest-risico W.A. Chairman of the Supervisory Board of Sneepe Industries B.V. Vice Chairman of the Board of Vereniging Achmea. Chairman of the Board of the President of MBA Studies, IEDC, Bled School of Management Slovenia. Member of the Senate of International Executive Development Center, Slovenia. Director/Owner 'Aan de Oude Delft', Art and Auction Services.

Executive Board of Rabobank Nederland

Name	Born	Year	Nationality
		Appointed	
Bert (H.) Heemskerk, Chairman	1943	2002	Dutch
Bert (A.) Bruggink	1963	2004	Dutch
Piet (P.W.) Moerland	1949	2003	Dutch
Sipko (S.N.) Schat	1960	2006	Dutch
Piet (P.J.A.) van Schijndel	1950	2002	Dutch

Bert (H.) Heemskerk: Mr. Heemskerk was appointed Chairman of the Executive Board of Rabobank Nederland as of December 1, 2002. As of June 18, 2009 Mr. Heemskerk's position of chairman will be filled by Mr. Moerland (see below). Mr. Heemskerk is also Chairman of the Managing Board of Rabobank International. Mr. Heemskerk was previously the Chairman of the Executive Board of F. van Lanschot Bankiers N.V. from 1991 to 2002. Before moving to F. van Lanschot Bankiers N.V., Mr. Heemskerk worked at AMRO Bank/ABN AMRO for more than 20 years, serving as Director General Netherlands for ABN AMRO Netherlands from 1988 to 1991. Mr. Heemskerk holds several positions outside of Rabobank Nederland's Executive Board, including, among others, member of the Board of the Stock Exchange Association, member of the Advisory and Recommending Committee Leaders for Nature Initiative, member of the Board of Supervisory Directors of Koninklijke Boskalis Westminster N.V. and member of the Board of Supervisory Directors of VADO Beheer B.V.

Bert (A.) Bruggink: Mr. Bruggink was appointed Chief Financial Officer of the Executive Board of Rabobank Nederland as of November 15, 2004. Mr. Bruggink joined the Rabobank Group in 1986. After several different jobs in Finance and Control within Rabobank Group, he became Head of Finance and Control Rabobank International (1994-1998) and Group Finance Director Rabobank Group (1998-2004). As CFO, he fulfils several additional functions. He also works as a part-time professor in the Twente University of Technology (Financial Institutions and Markets). He is a member of the Advisory Council of Isala Klinieken and of the Board of Supervisory Directors ROVA. Member of the Dutch Banking Association Policy Committee of Supervision & Monetary Affairs and Member of the Policy Committee of the DNB/Dutch Banking Association Mixed Working Group.

Piet (P. W.) Moerland: Mr. Moerland was appointed to Rabobank Nederland's Executive Board as of January 1, 2003. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. Moerland is responsible for Medium and Small-scale Business, Shared Services and Facilities and the department that operationally supports the local Rabobanks. Mr. Moerland is to be the new Chairman of the Rabobank Nederland Executive Board as from June 18, 2009. He will succeed Bert Heemskerk who will step down from this position at the General Meeting of Rabobank Nederland to be held on June 18, 2009. After completing his degree and dissertation in the field of economics at the Erasmus University of Rotterdam in 1978, Mr. Moerland undertook a position with Rabobank Nederland's Central Group

Staff from 1979 to 1980. Mr. Moerland then took a position as a professor of business administration with a focus on economics at the University of Groningen from 1981 to 1987 and as a professor of business economics with a focus on corporate finance at the University of Tilburg from 1988 to 2002. Mr. Moerland also had a sponsored chair as a professor of corporate governance at the University of Tilburg. Within the Rabobank Group Mr. Moerland serves as a member of the Board of Directors of Rabobank Foundation and as chairman of the board of the Foundation Contingency Fund Rabobanken (Stichting Garantiefonds Rabobanken) and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten. Outside Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Dutch Order of Accountants and Administration Consultants, Member of the Board of Directors of the NVB (Association of Dutch Banks), chairman of the European Association of Co-operative Banks (Groupement) and Member of the Board of Directors International Raiffeisen Union (IRU).

Sipko (S.N.) Schat: Mr. Schat was appointed to Rabobank Nederland's Executive Board as per July 1, 2006. As one of the members of the Executive Board responsible for the international business, Mr. Schat is member of the Managing Board of Rabobank International and primarily responsible for Corporate Clients and Global Financial Markets. Mr. Schat took a position as in-house counsel with Rabobank Nederland between 1985 and 1990. Mr. Schat was senior manager Structured Finance between 1990 and 1995, Head Corporate Finance of Rabobank Ireland plc between January 1994 and December 1994, Head Structured Finance Europe between 1995 and 1999 and Head Corporate Finance of Rabobank International between 1999 and 2002. Mr. Schat also held positions as Head Corporate Finance (worldwide), member of the Supervisory Board of Rabobank Ireland plc and Managing Director of Rabo Merchant Bank N.V. He was appointed as a member of the management board of Rabobank International as of April 2002 responsible for North and South America and as of September 2004 responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also a Member of the Supervisory Board of De Lage Landen International, Member of the Supervisory Board of Bouwfonds N.V. and Member of the Supervisory Board of Bank Sarasin & Cie AG.

Piet (P.J.A.) van Schijndel: Mr. van Schijndel was appointed to Rabobank Nederland's Executive Board as of December 1, 2002. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. van Schijndel has responsibility for marketing, product development, market support for the local Rabobanks, private banking and Group ICT. Mr. van Schijndel took a position as a management consultant with Rabobank Nederland from 1975 to 1977. From 1977 to 1979, Mr. van Schijndel was Head of Insurance Administration. From 1979 to 1983, Mr. van Schijndel was a member of the Staff Group Directorate Insurance. Thereafter, he served as Acting Head and Head of the Insurance and Travel Directorate from 1983 to 1986 and from 1986 to 1990, respectively, Vice-Chairman of the Executive Board of Interpolis from 1990 to 1997 and Chairman of the Executive Board of Interpolis from 1998 to 2002. Mr. van Schijndel serves as Chairman of the Supervisory Boards of Obvion and Rabohypothekbank, Chairman of the Supervisory Board of De Lage Landen International and Chairman of the Supervisory Board of Rabo Mobiel. Furthermore, Mr. van Schijndel is a Member of the Board of Directors of the NVB (Association of Dutch Banks). Member of the Board of the Nederlandse Rode Kruis. Member of the Supervisory Board of St. Elisabeth Ziekenhuis Tilburg. Chairman of the Supervisory Board of Orbay.

Rabobank Nederland's Executive Board is to have two additional members from July 1, 2009: Gerlinde Silvis and Berry Marttin. Their appointment is conditional on screening by the supervisory authorities and advice of Rabobank Nederland's Works Council. Berry Marttin will be given responsibility for the international retail network, the regional international operations, international risk management and Rabobank Development. Gerlinde Silvis will be given responsibility for the Small- and Medium-Sized Enterprises, Company Management, Co-operative & Management Affairs and Human Resources directorates.

Administrative, management and supervisory bodies – conflicts of interests

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer and their private interests or other duties of the persons listed above under 'Supervisory Board of Rabobank Nederland' and 'Executive Board of Rabobank Nederland'.

Administrative, management and supervisory bodies – business address

The business address of the members of the Issuer's Supervisory Board and Executive Board is Croeselaan 18, 3521 CB Utrecht, the Netherlands.

REGULATION OF THE RABOBANK GROUP

Rabobank Nederland is a bank organised under the laws of the Netherlands. The principal Dutch law on supervision applicable to Rabobank Nederland is the Financial Supervision Act (*Wet op het financieel toezicht*), which entered into force on January 1, 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) and the Dutch Ministry of Finance (*Ministerie van Financiën*). 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 supervisory authorities of the various countries in which the Rabobank Group does business.

Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements (the 'Basel Committee') 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 were 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 harmonising 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 Dutch regulations.

In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988. A new accord ('Basel II' – the previous Basel guidelines being referred to as 'Basel I') was published in June 2004. Basel II is a flexible framework that is more closely in line with internal risk control and that results in a more sophisticated credit risk weighting. The Basel II framework, consisting of three 'pillars', reinforces these risk-sensitive requirements by laying out principles for banks to assess the adequacy of their capital ('Pillar 1') and for supervisors to review such assessments to ensure banks have adequate capital to support their risks ('Pillar 2'). It also seeks to strengthen market discipline by enhancing transparency in banks' financial reporting ('Pillar 3').

Basel II provides a range of options for determining the capital requirements for credit risk and also operational risk. In comparison to Basel I, Pillar 1 of the new capital framework aligns the minimum capital requirements more closely to each bank's actual risk of economic loss. Pursuant to Pillar 2, effective supervisory review of banks' internal assessments of their overall risks is exercised to ensure that bank management is exercising sound judgement and has reserved adequate capital for these risks. Pillar 3 uses market discipline to motivate prudent management by increasing transparency in banks' public reporting.

Instead of the previous 'one size fits all' approach, under Basel II banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility to select approaches that are most appropriate for their operations and their financial market infrastructure.

For credit risk, banks can choose between the 'Standardised Approach', the 'Foundation Internal Ratings Based Approach' and the 'Advanced Internal Ratings Based Approach'. The Standardised Approach is based on external credit ratings and is the least complex. The two Internal Ratings Based Approaches allow banks to use internal credit rating systems to assess the adequacy of their capital. The Foundation Internal Ratings Based Approach allows banks to use their own credit rating systems with respect to the 'Probability of Default'. In addition to this component of credit risk, the Advanced Internal Ratings Based Approach allows banks to use their own credit rating systems with respect to the 'Exposure at Default' and the 'Loss Given

Default'. The Rabobank Group has chosen the most sophisticated approach, the Advanced Internal Ratings Based Approach.

For operational risk, banks can also choose between three approaches with different levels of sophistication, the most refined one being the 'Advanced Measurement Approach'. The Rabobank Group has chosen the Advanced Measurement Approach.

European Union standards

The European Community had adopted a capital adequacy regulation for credit institutions in all its member states based on the Basel I 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 'Capital Directives'), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The Capital Directives required 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 Capital Directives permitted EU member states, when transforming the Capital Directives into national law, to establish more stringent, but not more lenient requirements. In 1993, the EC adopted the Directive of March 15, 1995 on the capital adequacy of investment firms and credit institutions ('EEC Directive 1993/6') and in 2000 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 Capital Directives.

EC Directive 2000/12 and EEC Directive 1993/6 have been recast by EC Directives 2006/48 and 2006/49, respectively, to introduce the new capital requirements framework agreed by the Basel Committee on Banking Supervision. The new rules on capital requirements reflect the flexible structure and the major components of Basel II, tailored to the specific features of the EU market. The simple and intermediate approaches of Basel II have been available from January 2007 and the most advanced approaches since January 2008.

On December 16, 2002, the EU 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').

The directive was implemented in the Netherlands in the Financial Supervision Act that came into effect on January 1, 2007.

Dutch regulation

General

As of September 2002, banking supervision in the Netherlands has been divided into prudential supervision, carried out by the Dutch Central Bank, and conduct of business supervision, carried out by the Netherlands Authority for the Financial Markets.

Pursuant to authority granted under the Financial Supervision 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 supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the Financial Supervision Act.

Scope of the Financial Supervision Act

A bank is any enterprise whose business it is to receive repayable funds from outside a closed circle and from others than professional market parties, and to grant credits for its own account. Rabobank Nederland and various Rabobank Group entities, including each of the local Rabobanks, are banks 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 Financial Supervision Act, a bank established in the Netherlands is required to obtain a licence from the Dutch Central Bank before engaging in any banking activities. The requirements to obtain a licence, among others, are as follows: (i) the day-to-day policy of the bank must be determined by at least two persons; (ii) the bank must have a body of at least three members which has tasks similar to those of a board of supervisory directors; and (iii) the bank must have a minimum equity (*eigen vermogen*) of € 5,000,000. Also, the Dutch Central Bank shall refuse to grant a licence if, among other things, it is of the view that (i) the persons who determine the day-to-day policy of the bank have insufficient expertise to engage in the business of the bank, (ii) the trustworthiness of the persons who determine the policy of the bank is not beyond doubt, or (iii) through a qualified holding in the bank, influence on the policy of such enterprise or institution may be exercised which is contrary to 'prudent banking policy' (*gezonde en prudente bedrijfsvoering*). In addition to certain other grounds, the licence may be revoked if a bank fails to comply with the requirements for maintaining it.

Reporting and investigation

A bank 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 an appropriately qualified auditor. In addition, a bank is required to file quarterly (and some monthly) statements, on a basis established by the Dutch Central Bank, which also has the option to demand more frequent reports.

Rabobank Nederland and the local Rabobanks must file consolidated quarterly (and some monthly) reports as well as annual reports that provide a true and fair view of their respective financial position and results with the Dutch Central Bank. Rabobank Nederland's independent auditors audit these reports annually.

Supervision

The Dutch Central Bank exercises supervision with respect to the solvency and liquidity of banks, supervision of the administrative organisation of banks and structure supervision relating to banks. To this end, the Dutch Central Bank has issued the following general regulations:

Solvency supervision

The regulations of the Dutch Central Bank on solvency supervision require – in broad terms – that a bank maintains own funds in an amount equal to at least 8% of its risk-weighted assets and operations. These regulations also impose limitations on the aggregate amount of claims (including extensions of credit) a bank may have against one debtor or a group of related debtors. Since the implementation of the Financial Supervision Act, the regulations have become more sophisticated, being derived from the new capital measurement guidelines of Basel II as described under 'Basel standards' above and as laid down in EU directives described above under 'European Union standards'. For credit risk Rabobank uses the Advanced Internal Ratings Based Approach. For operational risk, Rabobank uses the most refined approach, the Advanced Measurement Approach.

Liquidity supervision

The regulations of the Dutch Central Bank relating to liquidity supervision require that a bank maintains sufficient liquid assets against certain liabilities of the bank. The basic principle of the liquidity regulations is that liquid assets must be held against 'net' liabilities of banks (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 regulations impose additional liquidity requirements if the amount of liabilities of a bank with respect to one debtor or group of related debtors exceeds a certain limit.

Structure supervision

The Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Minister of Finance (or in certain cases 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 disbursements from the item comprising the cover 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 bank 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 bank's consolidated balance sheet total, (iii) acquiring or increasing a 'qualified holding' in another enterprise than those mentioned under (ii) 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 of the bank, (iv) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution if this amounts to more than 1% of the bank's consolidated balance sheet total, (v) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1% of the bank's consolidated balance sheet total or (vi) proceeding to financial or corporate reorganisation. For the purposes of the Financial Supervision 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 a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a bank, or to exercise any voting power in connection with such holding, only after such declaration of no objection has been obtained.

Administrative supervision

The Dutch Central Bank also supervises the administrative organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation must be such as to ensure that a bank 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 the administrative organisation, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

Emergencies

The Financial Supervision Act contains an 'emergency regulation' which can be declared in respect of a bank by a Dutch court at the request of the Dutch Central Bank in the interest of the combined creditors of the bank. As of the date of the emergency, only the court-appointed administrators have the authority to exercise the powers of the organs of the bank. A bank can also be declared in a state of bankruptcy by the court.

CAPITALISATION OF THE RABOBANK GROUP

The following table sets forth in summary form the Rabobank Group's consolidated own funds and consolidated medium-term and long-term debt securities at December 31, 2008 and at December 31, 2007:

	At December 31,		
<i>(in millions of euros)</i>	2008	2007 (restated)	2007
Equity of Rabobank Nederland and local Rabobanks			
Retained earnings and other reserves	20,074	19,684	19,650
Rabobank Member Certificates issued by a group company	6,236	6,233	6,233
Capital Securities and Trust Preferred Securities III to VI	3,510	2,779	2,779
Minority interests	3,639	2,713	2,713
Total equity	<u>33,459</u>	<u>31,409</u>	<u>31,375</u>
Subordinated debt	2,159	2,294	2,294
Debt securities in issue ¹	135,779	141,812	141,812
Total capitalisation	<u>171,397</u>	<u>175,515</u>	<u>175,481</u>
Breakdown of reserves and retained earnings			
Revaluation reserves for available-for-sale financial assets	(898)	489	489
Other reserves	(332)	38	38
Retained earnings	21,304	19,157	19,123
Total reserves and retained earnings	<u>20,074</u>	<u>19,684</u>	<u>19,650</u>

Note:

(1) Debt securities in issue includes short-term debt and long-term debt. At December 31, 2008, and at December 31, 2007, the Rabobank Group had short-term debt amounting to € 55,385 million and € 58,440 million respectively. At December 31, 2008, and at December 31, 2007, the Rabobank Group had long-term debt amounting to € 80,394 million and € 83,372 million, respectively.

There has been no material change in the capitalisation of the Rabobank Group since December 31, 2008.

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 Rabobank 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 & 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.

RABOBANK SINGAPORE BRANCH

Rabobank Singapore Branch is the Singapore Branch of Rabobank Nederland.

Rabobank Nederland entered the Singaporean market in 1986 through the establishment of Rabobank Singapore Branch (which was then licensed to operate as an Offshore Bank in Singapore by the Monetary Authority of 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 currently 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 its operations in Singapore only. 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.

TAXATION

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from July 1, 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium currently operates a withholding tax system at a rate of 20% in relation to such payments. The Belgian Minister of Finances recently declared that Belgium would switch to the provision of information (instead of the withholding tax) as from January 1, 2010. If this does not occur, the law provides for a 35% withholding tax rate as of July 1, 2011.

Also with effect from July 1, 2005, a number of non-EC countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Taxation in the Netherlands

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

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

For the purpose of this paragraph, 'Dutch Taxes' shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities.

Withholding tax

All payments in respect of the Notes can be made without withholding or deduction for or on account of any taxes, duties or charges of any nature imposed whatsoever that are or may be withheld or assessed by the Dutch Tax Authorities or any political subdivision thereof or therein.

Taxes on income and capital gains

(a) Residents of the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Noteholders:

- (i) individuals who are resident or deemed to be resident in the Netherlands;
- (ii) individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch taxation ((i) and (ii) jointly 'Dutch Individuals'); and
- (iii) entities that are subject to the Dutch Corporate Tax Act 1969 ('CITA') and are resident or deemed to be resident of the Netherlands for the purposes of the CITA, excluding:
 - pension funds (*pensioenfondsen*) and other entities, that are in full or in part exempt from Dutch corporate tax; and
 - Investment institutions (*beleggingsinstellingen*); ('Dutch Corporate Entities').

Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Generally, a Dutch Individual who holds Notes that are not attributable to an enterprise from which he derives profits as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the

equity of such enterprise other than as an entrepreneur or a shareholder, or not attributable to miscellaneous activities (*resultaat uit overige werkzaamheden*), will be subject annually to an income tax imposed on a fictitious yield on such Notes. The Notes held by such Dutch Individual will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Notes, is set at a fixed amount. The fixed amount equals 4% of the average net fair market value of these assets and liabilities measured, in general, at the beginning and end of every calendar year. The current tax rate under the regime for savings and investments is a flat rate of 30%.

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals are generally subject to income tax at progressive rates with a maximum of 52% with respect to any benefits derived or deemed to be derived from Notes (including any capital gains realised on the disposal thereof) that are either attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the equity of such enterprise (other than as an entrepreneur or a shareholder), or attributable to miscellaneous activities (*resultaat uit overige werkzaamheden*) including, without limitation, activities which are beyond the scope of active portfolio investment.

Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate tax at statutory rates up to 25.5 % with respect to any benefits derived or deemed to be derived (including any capital gains realised on the disposal thereof) from Notes.

(b) Non-residents of the Netherlands

A Noteholder other than a Dutch Individual or Dutch Corporate Entity will not be subject to any Dutch taxes on income or capital gains in respect of the ownership and disposal of the Notes, except if:

- the Noteholder derives profits from an enterprise, whether as entrepreneur or pursuant to a co entitlement to the equity of such enterprise other than as an entrepreneur or a shareholder, 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, to which the Notes are attributable; or
- the Noteholder is an individual and derives benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) performed in the Netherlands in respect of Notes, including, without limitation, activities which are beyond the scope of active portfolio investment; or
- the Noteholder is entitled to a share in the profits of an enterprise managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which the Notes are attributable.

Gift tax or inheritance tax

No Dutch Taxes are due in respect of any gift of the Notes by, or inheritance of the Notes on the death of, a Noteholder, except if:

- (a) the Noteholder is resident, or is deemed to be resident, in the Netherlands; or
- (b) at the time of the gift or death of the Noteholder, his Notes are attributable to an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands; or
- (c) the Noteholder passes away within 180 days after the date of the gift of the Notes and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands; or
- (d) the Noteholder is entitled to a share in the profits of an enterprise managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which the Notes are attributable.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if

he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift. Furthermore, under certain circumstances a Noteholder will be deemed to be resident in the Netherlands for purposes of Dutch gift and inheritance tax, if the heirs jointly or the recipient of the gift, as the case may be, so elect.

Other taxes

No other Dutch Taxes, such as turnover tax, or other similar tax or duty (including stamp duty and court fees), are due by a Noteholder by reason only 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, or become subject to Dutch Taxes, by reason only of the Issuer's performance, or the Noteholder's acquisition (by way of issue or transfer to it), holding and/or disposal 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.

An exemption from Australian interest imposed under Division 11A of Part III of the *Income Tax Assessment Act 1936* of Australia (the "Tax Act") should apply with respect to Notes issued by Rabobank Australia Branch under section 128F of the Tax Act for payments of interest (or amounts in the nature of interest) 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 Tax Act 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 company not resident in Australia 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, and subject to the exception outlined below, 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) was not known, or suspected, by Rabobank to be an associate (as defined in subsection (9) of section 128F of the Tax Act) of any of the other persons covered by this paragraph; or
- (b) to at least 100 persons whom it is reasonable for Rabobank 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 Rabobank Australia Branch has entered into an agreement with the dealer, manager or underwriter in relation to the placement of the Notes requiring Rabobank Australia Branch 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 Rabobank Australia Branch 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, Rabobank Australia Branch or a Dealer, in relation to the placement of debentures or debt interests, on behalf of Rabobank Australia Branch 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 'debentures or debt interests' 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 Rabobank Australia Branch that are not themselves Global Notes.

The public offer test is not satisfied if at the time of issue Rabobank 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 Rabobank; and
- (b) either:
 - (i) the associate is a non-resident of Australia 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 Rabobank Australia Branch to a holder in respect of a Note, if Rabobank 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 Rabobank; and
- (b) either:
 - (i) the associate is a non-resident of Australia 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
- (c) 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).

An 'associate' of Rabobank Australia Branch (the 'Issuer') for the purposes of section 128F of the Tax Act (when the issuer is not a trustee) includes: (i) a person or entity which holds more than 50% of the voting shares in or otherwise controls the issuer, (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the issuer, (iii) the trustee of a trust where the issuer is capable of benefiting (whether directly or indirectly) under a trust, and (iv) a person or entity which is an 'associate' of another person or entity which is an 'associate' of the issuer under any of the foregoing.

In certain circumstances, section 126 of the Tax Act imposes a type of withholding tax at the rate of 45% on the payment of interest on bearer notes if the issuer fails to disclose the names and addresses of the holders to the Australian Tax Office. The Australian Tax Office is of the view that the holder of a debenture for the purposes of section 126(e) of the Tax Act is the person or entity in possession of the debenture and that this is the person or entity to whom the issuer makes the payment of interest. Section 126 does not apply if the interest payable under a bearer note is subject to interest withholding tax under Division 11A of the Tax Act or if the interest is exempt from withholding under section 128F to the extent it applies to non-residents of Australia who are not engaged in carrying on business in Australia at or through a permanent establishment in Australia. Consequently section 126 should only apply to persons or entities in possession of bearer notes who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in the relevant Notes are held by persons through Euroclear and/or Clearstream, Luxembourg, Rabobank Australia Branch intends to treat the operators of those systems as the holders of the relevant Notes for the purpose of section 126.

If 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 *Taxation Administration Act 1953* of Australia also requires a further type of withholding (Foreign Resident Withholding) which broadly provides that an entity 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 Part III 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.

Rabobank Australia Branch has been advised by its 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, or in substitution for, 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 Rabobank 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, Rabobank did not know this or have reasonable grounds to suspect it,
 shall 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:
 - (i) will not be subject to Australian income 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; and
 - (ii) will not be subject to Australian capital gains tax on gains realised during that year on sale or redemption of the Note;
 - (c) the Notes should 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;
 - (d) provided:
 - (i) any Notes issued in Australia will only be issued by Rabobank Australia Branch which has its central management and control in New South Wales ('NSW');
 - (ii) the register of Notes is kept by Rabobank Australia Branch in NSW;
 - (iii) any Notes are executed in NSW; and
 - (iv) money subscribed for the Notes is not paid into South Australia,
- no ad valorem* stamp duty nor issue registration or similar taxes should be payable in Australia on the issue or transfer of the Notes;
- (e) no Australian goods and services tax should be payable on the issue or transfer of Notes or in respect of the payment of principal or interest on the Notes;
 - (f) Australian resident Noteholders and non-resident Noteholders who hold their Notes in the course of carrying on a business through an Australian permanent establishment, will be required to include any interest derived in respect of the Notes in their assessable income. Depending upon the terms of the Notes, such Noteholders may also be required to include in their assessable income, or may be allowed a deduction in respect of, any profit or loss (respectively) on sale or redemption of the Notes;
 - (g) payment of interest on Notes issued by Rabobank Australian Branch to Australian residents may be subject to withholding tax under Part VA of the Tax Act and section 12-140 of Schedule 1 of the *Taxation Administration Act 1953 of Australia* where the recipient of the interest does not quote their tax file number, or in certain circumstances, their Australian Business Number, or proof of some other relevant exemption. Any such tax will be withheld at the then current rate. The rate at the date of this document is 46.5%;
 - (h) payment in respect of the Notes should be able to be made free and clear of Australian withholding tax imposed pursuant to section 12-190 of Schedule 1 of the Taxation Administration Act;
 - (i) Division 974 of the *Income Tax Assessment Act 1997* of Australia (the "1997 Act") contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes including interest withholding tax. The issuer intends to issue Notes which are to be characterised as 'debt interests' for the purposes of the tests provided in Division 974 and the returns on the Notes should be treated as 'interests' for the purposes of the interest withholding tax provisions in the *Income Tax Assessment Act 1997* of Australia (including section 128F of that Act). A more detailed consideration of the rules set out in Division 974 of the 1997 Act and the thin capitalisation rules set out in Division 820 of the 1997 Act is beyond the scope of this summary.

The Tax Laws Amendment (Taxation of Financial Arrangements) Act was enacted on March 26, 2009. These new rules represent a code for taxation of receipts and payments in relation to financial arrangements.

The new legislation applies to income years commencing on or after July 1, 2010. A taxpayer may however elect to have the legislation apply a year earlier to income years commencing on or after July 1, 2009.

The measures should not apply to holders of Notes who are non-residents of Australia and who do not hold their Notes in the course of carrying on business at or through a permanent establishment in Australia.

Taxation in Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, taxation measures announced in the Singapore Budget Statement 2009 and administrative guidelines issued by the Monetary Authority of Singapore ('MAS') 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 and other payments

Subject to the following paragraphs, under section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the 'Income Tax Act'), the following payments are deemed to be derived from Singapore:

- (a) interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) 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 the paying party to be a resident in Singapore for tax purposes are subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments to non-resident persons other than non-resident individuals is 18% for the Year of Assessment 2009 (that is, for income earned in the financial year or other basis period ended 2008) and (pursuant to the Singapore Budget Statement 2009) is expected to be 17% with effect from the Year of Assessment 2010. The applicable rate for non-resident individuals is 20%. However, if the payment is derived on or after February 28, 1996 by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax rate of 15%. The rate of 15% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals is exempt from tax, such as:

- (a) interest from debt securities derived on or after January 1, 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after February 15, 2007,

provided such income is not derived by individuals through a partnership in Singapore and 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, 2013 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 where their staff based in Singapore have a leading and substantial role in the distribution of such tranche of Notes,

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) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the 'Comptroller') may direct, of a return on the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption (mentioned below) shall not apply if such non-resident person acquires the Relevant Notes using funds and profits from that person's operations through a Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the 'Qualifying Income') from the Relevant Notes derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore, or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not funds and profits of that person's operations through a permanent establishment in Singapore, are exempt from Singapore tax;
- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), Qualifying Income derived by any company in Singapore is subject to tax at a concessionary rate of 10%;
- (c) Qualifying Income derived by a body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10%; and
- (d) 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, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such 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 and MAS a return on the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require,

Qualifying Income derived from the Relevant Notes is not subject to 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% 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 tenure of such tranche of Relevant Notes, 50% 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, Qualifying 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 tax exemption or concessionary rate of tax described above.

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.

The terms 'break cost', 'prepayment fee' and 'redemption premium' are defined in the Income Tax Act as follows:

- (i) 'break cost', in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- (ii) 'prepayment fee', in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- (iii) 'redemption premium', in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to 'break cost', 'prepayment fee' and 'redemption premium' in this Singapore tax disclosure have their same meaning as in the Income Tax Act.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or 45A of the Income Tax Act, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required under the Income Tax Act to include such income in a return of income made under the Income Tax Act.

The Qualifying Debt Securities Plus Scheme ('QDS Plus Scheme') has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions and qualifications, income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from February 16, 2008 to December 31, 2013;
- (b) have an original maturity date of not less than 10 years;
- (c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

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 which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 – Financial Instruments – Recognition and Measurement ('FRS 39'), may for Singapore income tax purposes be required to recognise gains or losses on the Notes, irrespective of disposal. Please see the section below on 'Income tax implications arising from the adoption of FRS 39'.

Income tax implications arising from the adoption of FRS 39

Singapore registered companies with annual periods beginning on or after January 1, 2005 are generally required to comply with FRS 39 for accounting purposes. On December 30, 2005, the Inland Revenue Authority of Singapore issued a circular entitled 'Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition and Measurement' (the 'FRS 39 Circular'). The Income Tax Act has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain 'opt-out' provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

Taxation in Luxembourg

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated June 21, 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the 'Savings Directive') and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ('EU'), a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain 'residual entities' within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e. entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, and that is not, or has not opted to be considered as, an UCITS recognised in accordance with Council Directive 85/611/EEC).

The withholding tax rate is 20% increasing to 35% as from July 1, 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg resident individuals

A 10% withholding tax has been introduced, as from January 1, 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime). Only interest accrued after July 1, 2005 falls within the scope of the withholding tax. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers acting in the course of their private wealth.

Taxation in the United States

To ensure compliance with Internal Revenue Service Circular 230, U.S. Holders are hereby notified that: (a) any discussion of federal tax issues in this Offering Circular is not intended or written by us to be relied upon, and cannot be relied upon by U.S. Holders for the purpose of avoiding penalties that may be imposed on U.S. Holders under the Internal Revenue Code; (b) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) U.S. Holders should seek advice based on their particular circumstances from an independent tax adviser.

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 Final Terms may 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 does not address the U.S. federal income tax treatment of (i) Index Linked Notes, (ii) Equity Linked Notes, (iii) Notes for which payments of principal or interest are denominated in, or determined by reference to, more than one currency, or (iv) Notes with a term of more than 30 years. The U.S. federal income tax consequences of owning any such Notes will be discussed in the applicable Final Terms.

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.

Effect of foreign withholding taxes

As discussed in 'Taxation,' in some circumstances payments of interest in respect of the Notes may be subject to foreign withholding taxes. As discussed under 'Terms and Conditions of the Notes – Taxation,' the relevant Issuer may become liable for the payment of Additional Amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no foreign withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having actually received the amount of foreign taxes withheld by an Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the relevant taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder should generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for foreign income taxes withheld by an Issuer. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two 'baskets', and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest and OID (defined below) generally will constitute foreign source income in the 'passive income' basket. In certain circumstances a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a payment of interest if the U.S. Holder has not held the Notes for at least 16 days during the 31-day period beginning on the date that is 15 days before the date on which the right to receive the payment arises. Since a U.S. Holder may be required to include OID on the Notes in its gross income in advance of any withholding of foreign income taxes from payments attributable to the OID (which would generally occur when the Note is repaid or redeemed), a U.S. Holder may not be entitled to a credit or deduction for these income taxes in the year the OID is included in the U.S. Holder's gross income, and may be limited in its ability to credit or deduct in full the foreign taxes in the year those taxes are actually withheld by the Issuer. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes.

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 characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event Rabobank Nederland issues contingent payment debt instruments the applicable Final Terms 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% 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 equal to or greater than 0.25% 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% 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, (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 and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

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 Final Terms.

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 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 U.S. 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

A U.S. taxpayer that participates in a 'reportable transaction' will be required to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$ 50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. 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 will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realises a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS: and 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 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 Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS 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 acknowledgements, 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 acknowledgements, 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 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 Issuer or a person acting on behalf of such an affiliate.
- (2) It understands that such Notes 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 Issuer, 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 May 8, 2009 (the 'Distribution Agreement') as further amended or supplemented as at the Issue Date, between the Issuer, the Permanent Dealers (as defined in the Distribution Agreement) and the Arranger, the Notes will be offered by the Issuer to the Permanent Dealers. However, the 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 Issuer through the Dealers, acting as agents of the Issuer. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer 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 Final Terms.

The Issuer 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 Issuer.

Selling restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms 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 Final Terms, 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 Final Terms.

United States

The Notes 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.

Bearer Notes 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 and each further dealer appointed under the Programme will be required to agree 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 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. 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.

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'.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a 'Relevant Member State'), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the 'Relevant Implementation Date') it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a 'Non-exempt Offer'), in the period beginning on the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, and ending on the date specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000; and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;
- (e) at any time if the denomination per Note being offered amounts to at least € 50,000; or
- (f) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of Notes to the public' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to

enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression 'Prospectus Directive' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (1) 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 Financial Services and Markets Act 2000 (the 'FSMA') by the Issuer;
- (2) 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 Issuer; and
- (3) 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

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the 'SCA') may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

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 ('ASIC') or the ASX Limited ('ASX'). 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 Final Terms or supplement to this Offering Circular otherwise provides, 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 (or its equivalent in an alternate currency) (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 of Australia, (ii) such action complied with all applicable laws, regulations and directives and (iii) does not require any document to be lodged with ASIC or the ASX.

In addition, each Dealer agrees 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 Rabobank Australia Branch to be an associate of Rabobank Australia Branch, the acquisition of a Note by whom would cause Rabobank Australia Branch to fail to satisfy the public offer test in section 128F of the *Income Tax Assessment Act 1936* of Australia 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 and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed 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 persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the 'SFA'), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

Republic of France

Each Dealer has represented, warranted and agreed that:

- (i) it has only made and will only make an offer of Notes to the public in France (i) in the case of a prospectus in relation to those Notes having been approved by the *Autorité des marchés financiers* ('AMF'), on or after the date of its publication or, (ii) in the case of a prospectus having been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, in the period beginning on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF and ending at the latest on the date which is 12 months after the date of the approval of the prospectus; or

- (ii) it has only made and will only make an offer of Notes to the public in France and/or it has only required and will only require the admission to trading on Euronext Paris in circumstances which do not require the publication by the offeror of a prospectus pursuant to articles L.411-2 and L.412-1 of the French Code *monétaire et financier*; and
- (iii) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

This Offering Circular has not been submitted to the clearance procedures of the AMF.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the 'Financial Instruments and Exchange Act'). Accordingly, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree 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, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any residents of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

Each Dealer has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

United Arab Emirates

Each Dealer has represented and agreed that the Notes have not and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates or the Dubai International Financial Centre other than in compliance with any laws applicable in the United Arab Emirates or the Dubai International Financial Centre, as the case may be, governing the issue, offering and sale of securities.

Qatar

The Notes have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering.

This document has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This

document is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Republic of Italy

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 58 of February 24, 1998, Legislative Decree No. 385 of September 1, 1993 (the "Banking Act") and CONSOB Regulation No. 16190 of October 29, 2007, all as amended;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

GENERAL INFORMATION

- 1 Application has been made to the AFM to approve this document as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has also been made for Notes issued under the Programme to be admitted to trading on Euronext Amsterdam, and to be admitted to the Official List and to trading on the Luxembourg Stock Exchange's regulated market. In connection with the application to list the Notes under the Programme on the 'Bourse de Luxembourg' of the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and a copy of the articles of association of Rabobank Nederland will be deposited with the Registre de Commerce et des Sociétés à Luxembourg where such documents may be examined and copies may be obtained.
- 2 The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The update and amendment to the Programme was authorised by Rabobank Nederland by a resolution of the Executive Board of Rabobank Nederland passed on February 17, 2009, by a resolution of the Supervisory Board passed on March 2, 2009 and by a secretary's certificate dated May 8, 2009.
- 3 There has been no significant change in the financial or trading position of the Issuer or of the Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of the Rabobank Group, since December 31, 2008.
- 4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the Issuer's and/or Rabobank Group's financial position or profitability.

In addition to information disclosed elsewhere in this Offering Circular, during the past three financial years Rabobank Group has made the following main investments:

- (i) In 2006 De Lage Landen acquired 99.6% of the total issued and outstanding share capital of Athlon Holding N.V. The total investment was approximately € 580 million.
- (ii) In January 2007 Rabobank Group acquired two small Indonesian banks, Bank Haga and Bank Hagakita, from individual shareholders. Both Indonesian banks focus primarily on serving owners of small and medium-sized businesses. The banks had total assets of Indonesian Rupees 3.97 trillion as of December 31, 2005.
- (iii) In December 2006 Rabobank Nederland completed the acquisition of the real estate development and asset management business of ABN AMRO Bouwfonds N.V. Rabobank also acquired Rijnlandse Bank as part of that transaction, but did not acquire the real estate financing activities (BPF). The total investment amounted to € 855 million. The real estate operations of the Rabobank Group operate under the name Rabo Bouwfonds and as of January 1, 2009 under the name Rabo Real Estate Group.
- (iv) On April 30, 2007 Mid-State Bank & Trust became part of the Rabobank Group. Mid-State Bank & Trust was emerged into Rabobank N.A., Rabobank's community banking subsidiary in California. Rabobank acquired all the shares of Mid-State Bank & Trust's shares for a total purchase price of U.S.\$ 857 million.
- (v) On February 22, 2007, Robeco acquired a 64% stake in the Swiss-based Sustainability Asset Management (SAM) Group.
- (vi) In April 2007, Rabobank of Nederland acquired HNS Banco from GE Commercial Finance and Ergas Group. Most Rabobank's existing operations in Chile were integrated with HNS Banco, which was renamed Rabobank Chile, and has become the principal Rabobank business entity in Chile.
- (vii) At the end of 2006 Rabobank exercised its option to purchase all the shares in Eichbaum Holding Ltd., a holding company owning a majority interest in Bank Sarasin & Co. Ltd. The share purchase was formally closed on April 11, 2007. All the conditions precedent were fulfilled and the necessary decisions and approvals obtained from the relevant authorities. Rabobank now owns 46.06% of the share capital and holds 68.63% of the voting rights, making it the majority shareholder in Bank Sarasin & Co. Ltd. Bank Sarasin retains its operational independence as a leading Swiss private bank and continues to be publicly listed on the Swiss stock exchange, SWX.

- (viii) On April 4, 2008 Rabobank received official permission from the Polish Financial Supervision Authority to take a majority position in Bank BGZ. Rabobank acquired a 12.87% holding previously held by the European Bank for Reconstruction and Development. As a result of this acquisition Rabobank now has a majority holding of 59.35% in Bank BGZ. Rabobank first acquired a 35.4% holding in Bank BGZ in 2004 and increased its holding to 46.48% mainly by conversion of convertible bonds into shares.
- 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 The 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 Final Terms. The Common Code, the International Securities Identification Number (ISIN), the Committee on 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 Final Terms.
- The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any Alternative Clearing System will be specified in the applicable Final Terms.
- 7 The issue price and the amount of the relevant Notes will be determined based on the prevailing market conditions. The Bank does not intend to provide any post-issuance information in relation to any issues of Notes.
- 8 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 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);
 - (ii) each set of Final Terms for Notes that are listed on Euronext Amsterdam or the Luxembourg Stock Exchange; and
 - (iii) the articles of association of Rabobank Nederland.
- 9 For the period of 12 months following the date of this Offering Circular, copies of the following documents will be available, free of charge during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and the Paying Agents in Luxembourg and the Netherlands:
- (i) the Agency Agreement (as amended and supplemented from time to time) (which includes the form of the Global Notes, the Registered Notes, the Definitive Notes, and the Coupons, Talons and Receipts relating to Definitive Notes) and the Covenant (as amended and supplemented from time to time);
 - (ii) the articles of association of the Issuer;
 - (iii) a copy of the latest Offering Circular (together with any supplement thereto);
 - (iv) the audited and consolidated financial statements of the Issuer and Rabobank Group for the years ended December 31, 2008, December 31, 2007 and December 31, 2006;
 - (v) a copy of the ISDA Definitions; and
 - (vi) the most recently published annual reports of Rabobank Group.
- 10 Ernst & Young Accountants LLP, of which the 'Registeraccountants' are members of the Royal Netherlands Institute of Registeraccountants, has audited, and issued unqualified audit reports, on the financial statements of Rabobank Nederland for the years ended December 31, 2008, 2007 and 2006. Ernst & Young Accountants LLP has given its consent to the

inclusion in this Offering Circular of its audit report for the year ended December 31, 2008 as included on pages F-68 and F-69 hereof, and to the reference to its audit reports for the years ended December 31, 2007 and December 31, 2006 as incorporated by reference herein in the form and context in which they appear. Ernst & Young Accountants LLP has given its consent to the inclusion in this Offering Circular of its assurance report on Management's assessment on internal control over financial reporting as at December 31, 2008 as included on page F-70 and F-71 hereof, and to the reference to its assurance report on Management's assessment of internal control over financial reporting as at December 31, 2007 and December 31, 2006 as incorporated by reference herein in the form and context in which they appear. Ernst & Young Accountants LLP has no interest in Rabobank Nederland.

- 11 Selected financial statements of Rabobank Group and Rabobank Nederland are set out below on pages F-72 to F-84 under 'Historical Financial Information'. As Rabobank Nederland forms part of the Rabobank Group, the most relevant financial figures of Rabobank Group have been set out explicitly in this Offering Circular to provide a broader view on the financial position of Rabobank Nederland and Rabobank Group.
- 12 The latest published financial information is dated at December 31, 2008.
- 13 No interim financial information in respect of the Issuer is available subsequent to December 31, 2008. Significant change in the Issuer's financial or trading position There has been no significant change in the financial or trading position of the Issuer or of the Rabobank Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of the Rabobank Group, since December 31, 2008.
- 14 As of the date of this Offering Circular, we are not party to any contracts (not entered into in the ordinary course of business) that are considered material to our results, financial condition or operations.

FORM OF FINAL TERMS

FINAL TERMS

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

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

Euro 110,000,000,000

Global Medium-Term Note Programme

Due from seven days to perpetuity

SERIES NO: [●]

TRANCHE NO: [●]

[●] Notes due [●]

Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

The date of these Final Terms is [●]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular (the 'Offering Circular') dated May 8, 2009 [and the supplemental Offering Circular dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the 'Prospectus Directive'). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular[, as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Notes will be issued on the terms of these Final Terms read together with the Offering Circular. Each Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes. The Offering Circular is available for viewing at, and copies may be obtained from, Rabobank Nederland at Croeselaan 18, 3521 CB Utrecht, the Netherlands and the principal office in England of the Arranger and of the Paying Agent in Luxembourg, Amsterdam and Paris and www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the 'Conditions') contained in the Agency Agreement dated [original date] and set forth in the Offering Circular dated [original date] [and the supplemental Offering Circular dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the 'Prospectus Directive') and must be read in conjunction with the Offering Circular dated May 8, 2009 [and the supplemental Offering Circular dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Offering Circular dated [original date] [and the supplemental Offering Circular dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circulars dated [original date] and [current date] [and the

supplemental Offering Circulars dated [●] and [●]. The Notes will be issued on the terms of these Final Terms read together with the Offering Circular. Each Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Offering Circulars dated [original date] and [current date] [and the supplemental Offering Circular[s] dated [●]], contains all information that is material in the context of the issue of the Notes. The Offering Circulars [and the supplemental Offering Circulars] are available for viewing at, and copies may be obtained from Rabobank Nederland at Croeselaan 18, 3521 CB Utrecht, the Netherlands and the principal office in England of the Arranger and of the Paying Agent in Luxembourg, Amsterdam and Paris and www.bourse.lu.

[The following alternative language applies if Notes are issued pursuant to Rule 144A.]

THE NOTES REFERRED TO HEREIN THAT ARE REPRESENTED BY A RESTRICTED GLOBAL CERTIFICATE 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 NOTES REPRESENTED BY A RESTRICTED GLOBAL CERTIFICATE]

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the notes and the impact this investment will have on the potential investor's overall investment portfolio.

[Include whichever of the following apply or specify as 'Not Applicable'. Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute 'significant new factors' and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

- | | | |
|---|---|---|
| 1 | Issuer: | [Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)] ¹
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch] |
| 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.)] | |

(1) Only Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) may issue Notes in NGN form.

- 3 Specified Currency or Currencies: [●]
- 4 Aggregate Nominal Amount: [●]
- (i) Series: [●]
- (ii) Tranche: [●]
- 5 Issue Price: [●] per cent. of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* (if applicable)]
- 6 (i) Specified Denominations:^{2,3} [●]
- (ii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date
(if different from the Issue Date): [[●]/Not Applicable]
- 8 Maturity Date: *[specify date (or indicate if Notes are perpetual) or (for Floating Rate Notes) Specified Interest Payment Date falling in or nearest to the relevant month and year]*
- 9 Domestic Note (if Domestic Note, there will be no gross-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]
[Equity Linked Interest]
[Other (specify)]
[further particulars specified below]
- 11 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Equity Linked Redemption]
[Interest Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Protection Amount]
[Other (specify)]
[The Final Redemption Amount shall be determined as provided below.]
- 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: [Investor Put]
[Issuer Call]

(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).

(3) Although Rabobank may issue Notes with a denomination of less than € 50,000 or equivalent, where multiple denominations above € 50,000 or equivalent are being used the following sample wording should be followed: '[€ 50,000] and integral multiples of [€ 1,000] in excess thereof up to and including [€ 99,000]. No Notes in definitive form will be issued with a denomination above [€ 99,000].'

- [(further particulars specified below)]
- 14 (i) Status of the Notes: [Senior/Subordinated (Tier 2)/Subordinated (Tier 3)/Subordinated Perpetual]
- (ii) Date approval for issuance of Notes obtained: [●]
- [N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes]*
- 15 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 **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
- (iii) Fixed Coupon Amount [(s)]: [●] per Calculation Amount
- (iv) Broken Amount: [●] per Calculation 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)): 30/360/Actual/Actual ([ICMA]/[ISDA])/Other][adjusted/unadjusted]
- (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]
- 17 **Floating Rate Note 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)): [●] (please provide all the relevant Business Centres)
- (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):	[Not Applicable/[●]]
(viii)	Screen Rate Determination (Condition 1(a)):	[Applicable/Not Applicable]
	– Reference Rate	[●]
	– Interest Determination Date:	[[●]/[TARGET] Business Days in [<i>specify city</i>] for [<i>specify currency</i>] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
	– Relevant Screen Page:	[●]
(ix)	ISDA Determination (Condition 1(a)):	[Applicable/Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	– ISDA Definitions (<i>if different from those set out in the Conditions</i>):	[●]
(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)	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:	[●]
18	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:	[●]
19	Index Linked Interest Note Provisions	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i>)
	(i) Description of formula to be used for determining Rate(s) of Interest and Interest Amount:	[●]
	(ii) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount:	[●]
	[(iii) Index:	[●]
	Sponsor:	[●]
	Exchange:	[●]
	Related Exchange:	[●]/[All Exchanges]] ⁴

(4) Delete entire paragraph if basket of indices.

<u>Index</u>	<u>Sponsor</u>	<u>Business Centres</u>	<u>Exchange(s)</u>	<u>Related Exchange(s)</u>	<u>Weighting</u>
(iv)	Index Valuation Date(s)/Averaging Date(s):		[●]		
	[Adjustment provisions in the event of a Disrupted Day:]			[Omission/Postponement/Modified Postponement] (NB: only applicable where Averaging Date(s) are specified)	
(v)	Valuation Time:		[●]		
(vi)	Provisions for determining Rate(s) of Interest and Interest Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable:		[●]	(If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions)	
(vii)	Additional Disruption Events:			[Applicable/Not Applicable] (If not applicable, delete the remainder of this paragraph) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Other]	
(viii)	Interest Period(s):		[●]		
(ix)	Interest Period Date(s):			[Not Applicable/specify dates]	
(x)	Specified Interest Payment Dates:		[●]		
(xi)	Business Day Convention:			[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]	
(xii)	Business Centre(s) (Condition 1(a)):			[Please see paragraph (iii) above] ⁶ /[●] (please provide all the relevant Business Centres)	
(xiii)	Minimum Rate of Interest:		[●]	per cent. per annum	
(xiv)	Maximum Rate of Interest:		[●]	per cent. per annum	
(xv)	Day Count Fraction (Condition 1(a)):		[●]		
(xvi)	Correction of Index Levels:			Correction of Index Levels [applies/does not apply and the Reference Level shall be calculated without regard to any subsequently published correction]. (If Correction of Index Levels does not apply, delete the following sub-paragraph)	
	[Correction Cut-Off Date:			[[●] Business Days prior to the Maturity Date.] [In relation to Index Valuation Dates other than the final Index Valuation Date, [●] Business Days after the relevant Index Valuation Date and in relation to the final Index Valuation Date, [●] Business Days prior to the Maturity Date.]	

(5) Delete entire paragraph if single index.

(6) Delete if single Index.

- [In relation to Averaging Dates other than the final Averaging Date, [●] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [●] Business Days prior to the Maturity Date.]]
- (xvii) Such other additional terms or provisions as may be required: [●]
- 20 **Equity Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Description of formula to be used to determine Rate(s) of Interest and Interest Amount: [●]
- (ii) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount: [●]
- [(iii) Underlying Security: [●]
Company: [●]
ISIN: [●]
Exchange: [●]
Related Exchange: [●]/[All Exchanges]]⁷
- [(iv) Basket: The basket composed of Underlying Securities of each Company specified below in the [relative proportions/number of shares of each Company] specified:

<u>Index</u>	<u>Sponsor</u>	<u>Business Centres</u>	<u>Exchange(s)</u>	<u>Related Exchange(s)</u>	<u>Weighting</u>
(v)	[Equity Valuation Date(s)/Averaging Date(s)]:		[●]		
	[Adjustment provisions in the event of a Disrupted Day:]			[Omission/Postponement/Modified Postponement] <i>NB: only applicable where Averaging Date(s) are specified)</i>	
(vi)	Valuation Time:		[●]		
(vii)	Provisions for determining Rate(s) of Interest and Interest Amount where calculation by reference to Underlying Security and/or Formula is impossible or impracticable:		[●]	<i>(If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions, including:</i> [Potential Adjustment Event] [Merger Event] [Tender Offer] [Nationalisation] [De-Listing] [Insolvency] [Other])	
(viii)	Additional Disruption Events:			[Applicable/Not Applicable] <i>(If not applicable, delete the remainder of this paragraph)</i> [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Other]	

(7) Delete entire paragraph if basket of Underlying Securities.

(8) Delete entire paragraph if single Underlying Security.

(ix) Interest Period(s):	[●]
(x) Interest Period Dates:	[Not Applicable/specify dates]
(xi) Specified Interest Payment Date(s):	[●]
(xii) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(xiii) Business Centre(s) (Condition 1(a)):	[Please see paragraph (iii) above] ⁹ /[●] (please provide all the relevant Business Centres)
(xiv) Minimum Rate of Interest:	[●] per cent. per annum
(xv) Maximum Rate of Interest:	[●] per cent. per annum
(xvi) Day Count Fraction (Condition 1(a)):	[●]
(xvii) Correction of Underlying Security Prices:	Correction of Underlying Security Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction]. <i>(If Correction of Underlying Security Prices does not apply, delete the following sub-paragraph)</i>
[Correction Cut-Off Date:	[[●] Business Days prior to the Maturity Date.] [In relation to Equity Valuation Dates other than the final Equity Valuation Date, [●] Business Days after the relevant Equity Valuation Date and in relation to the final Equity Valuation Date, [●] Business Days prior to the Maturity Date.] [In relation to Averaging Dates other than the final Averaging Date, [●] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [●] Business Days prior to the Maturity Date.]]
(xviii) Exchange Rate:	[Applicable/Not Applicable] <i>[If applicable, insert details]</i>
(xviii) Such other additional terms or provisions as may be required:	[●]
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)):	[●]

(9) Delete if single Underlying Security.

PROVISIONS RELATING TO REDEMPTION

22 Call Option

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph) (Refer to Condition [●])*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
 - Minimum Redemption Amount: [●] per Calculation Amount
 - Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [The Issuer shall give notice of its intention to redeem the Notes not less than [●] Business Days prior to the relevant Optional Redemption Date]

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 Calculation Amount
- (iii) Notice period: [●]

24 Final Redemption Amount (all Notes except Equity Linked Redemption Notes and Index Linked Redemption Notes) of each Note

[●] per Calculation Amount

25 Final Redemption Amount (Equity Linked Redemption Notes) of each Note

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Formula for calculating the Final Redemption Amount: [●]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
- [(iii) Underlying Security: [●]
 - Company: [●]
 - ISIN: [●]
 - Exchange: [●]
 - Related Exchange: [●]/[All Exchanges]]¹⁰
- [(iv) Basket: The basket composed of Underlying Securities of each Company specified below in the [relative proportions/number of shares of each Company] specified:

Underlying Securities	Company	ISIN	Business Centres	Exchange	Related Exchange	Proportion/ Number
-----------------------	---------	------	------------------	----------	------------------	--------------------

(10) Delete entire paragraph if basket of Underlying Securities.

(11) Delete entire paragraph if single Underlying Security.

- (v) [Equity Valuation Date(s)/Averaging Date(s)]: [●]
 [Adjustment provisions in the event of a Disrupted Day:] [Omission/Postponement/Modified Postponement] *(NB: only applicable where Averaging Date(s) are specified)*
- (vi) Valuation Time: [●]
- (vii) Business Centre: [Please see paragraph (iii) above]¹²/[●] *(Please provide all the relevant Business Centres)*
- (viii) Physical Settlement by delivery of the Underlying Securities Amount: [Applicable/Not Applicable] *[If Physical Settlement does not apply, delete the following sub-paragraphs]*
 [Underlying Securities Amount: [●]
 Presentation Date: [●]
 Clearing system through which the Underlying Securities Amount may be delivered upon redemption: [●]
 Delivery Agent: [Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)] *[Specify other]]*
- (ix) Correction of Underlying Security Prices: Correction of Underlying Security Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].
(If Correction of Underlying Security Prices does not apply, delete the following sub-paragraph)
 [Correction Cut-Off Date: [[●] Business Days prior to the Maturity Date.]
 [In relation to Equity Valuation Dates other than the final Equity Valuation Date, [●] Business Days after the relevant Equity Valuation Date and in relation to the final Equity Valuation Date, [●] Business Days prior to the Maturity Date.]
 [In relation to Averaging Dates other than the final Averaging Date, [●] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [●] Business Days prior to the Maturity Date.]]
- (x) Provisions for determining Final Redemption Amount where calculation by reference to Underlying Security and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●] *(If applicable, need to include a description of Final Redemption Amount where market disruption or settlement disruption events and adjustment provisions, including:*
[Potential Adjustment Event]
[Merger Event]
[Tender Offer]
[Nationalisation]
[De-Listing]
[Insolvency]
[Other])

(12) Delete if single Underlying Security.

- (xi) Additional Disruption Events: [Applicable/Not Applicable] *(If not applicable, delete the remainder of this paragraph)*
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Other]
- (xii) Exchange Rate: [Applicable/Not Applicable] *[If applicable insert details]*
- (xiii) Such other additional terms or provisions as may be required: [●]
- 26 **Final Redemption Amount (Index Linked Redemption Notes) of each Note** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula for calculating the Final Redemption Amount: [●]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
- [(iii) Index: [●]
Sponsor: [●]
Exchange: [●]
Related Exchange: [●]/[All Exchanges]]¹³
- [(iv) Basket: The basket composed of each Index specified below in the relative weighting specified:

<u>Index</u>	<u>Sponsor</u>	<u>Business Centres</u>	<u>Exchange(s)</u>	<u>Related Exchange(s)</u>	<u>Weighting</u>
--------------	----------------	-------------------------	--------------------	----------------------------	------------------

- (v) [Index Valuation Date(s)/Averaging Date(s)]: [●]
[Adjustment provisions in the event of a Disrupted Day:] [Omission/Postponement/Modified Postponement] *(NB: only applicable where Averaging Date(s) are specified)*
- (vi) Valuation Time: [●]
- (vii) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●] *(If applicable, need to include a description of market disruption events and adjustment provisions)*
- (viii) Additional Disruption Events: [Applicable/Not Applicable] *(If not applicable, delete the remainder of this paragraph)*
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Other]
- (ix) Minimum Final Redemption: [●]
- (x) Maximum Final Redemption: [●]

(13) Delete entire paragraph if basket of Indices.

(14) Delete entire paragraph if single Index.

- | | |
|---|--|
| (xi) Correction of Index Levels: | Correction of Index Levels [applies/does not apply and the Reference Level shall be calculated without regard to any subsequently published correction]. |
| | <i>(If Correction of Index Levels does not apply, delete the following sub-paragraph)</i> |
| [Correction Cut-Off Date: | [[●] Business Days prior to the Maturity Date.] |
| | [In relation to Index Valuation Dates other than the final Index Valuation Date, [●] Business Days after the relevant Index Valuation Date and in relation to the final Index Valuation Date, [●] Business Days prior to the Maturity Date.] |
| | [In relation to Averaging Dates other than the final Averaging Date, [●] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [●] Business Days prior to the Maturity Date.]] |
| (xii) Such other additional terms or provisions as may be required: | [●] |

27 Early Redemption Amount

- | | |
|---|--|
| (i) Early Redemption Amount(s) payable per Calculation Amount and/or the method of calculating the same (if required or if different from that set out in the Conditions) on redemption (a) on the occurrence of an event of default (Condition 13) or (b) for illegality (Condition 7(j)) or (c) for taxation reasons (Condition 7(c)), or (d) in the case of Equity Linked Redemption Notes, following certain corporate events in accordance with Condition 7(g) or (e) in the case of Index Linked Redemption Notes, following an Index Modification, Index Cancellation or Index Disruption Event in (Condition 7(h)) or (f)) in the case of Equity Linked Redemption Notes or Index Linked Redemption Notes, following an Additional Disruption Event (if applicable) Condition 7(i): | [[●]/Not Applicable] [less the cost to the Issuer and/or payable on redemption following its Affiliates of unwinding or adjusting any underlying or Nationalisation, Delisting or Insolvency related hedging arrangements in respect of the Notes] |
| | <i>(in the case of Equity Linked Redemption Notes and Index Linked Redemption Notes)</i> |
| | [Early Redemption Amount includes an amount in respect of accrued interest: no additional amount in respect of accrued interest to be paid] or [Early Redemption Amount does not include an amount in respect of accrued interest: together with the Early Redemption Amount, accrued interest shall also be paid] |
| (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 10(f)): | [Yes/No/Not Applicable] |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28 Form of Notes

Bearer Notes/Exchangeable Bearer Notes/
Registered Notes] (Refer Condition [●])

[Delete as appropriate]

[temporary 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]¹⁶

[temporary Global Note/Certificate
exchangeable for Definitive Notes/Certificates
on [●] days' notice]¹⁶

[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]¹⁵

[restricted Global Certificate exchangeable for
Definitive Certificates in the limited
circumstances specified in the restricted Global
Certificate (for Notes issued pursuant to Rule
144A)]

New Global Notes:¹⁶

[Yes/No]

29 Financial Centre(s) (Condition 10(h)) or
other special provisions relating to payment
dates:

Not Applicable/*give details. [Note that this
paragraph relates to the date and place of
payment, and not interest period end dates, to
which sub-paragraphs 17(iv), 19(xii) and 20(xii)
relate]*

30 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*]

31 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*]

32 Details relating to Instalment Notes:
Amount of each instalment, date on which
each payment is to be made:

[Not Applicable/*give details*]

33 Redenomination, renominatisation and
reconventioning provisions:

[Not Applicable/The provisions [in Condition
[●]] [annexed to these Final Terms] apply]

34 Consolidation provisions:

[Not Applicable/The provisions [in Condition
[●]] [annexed to these Final Terms] apply]

(15) The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€ 50,000] and integral multiples of [€ 1,000] in excess thereof up to and including [€ 99,000]." Furthermore such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note/Certificate exchangeable for Definitive Notes, other than in the limited circumstances specified in the permanent Global Note/Certificate.

(16) Only Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) may issue Notes in NGN form.

35 Other terms or special conditions:¹⁷

[So long as Bearer Notes are represented by a temporary and/or permanent Global Note and the temporary and/or permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, notwithstanding Condition 17, 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

36 (i) If syndicated, names and addresses of Managers:

[Not Applicable/*give names and addresses*]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or extra information will be required if the managers and underwriters are not the same or if the placing is on a 'best efforts' basis if such entities are not the same as the Dealers)

(ii) Stabilising Manager(s) (if any):

[Not Applicable/*give names*]

(iii) [Managers'/Dealer's] Commission:

[●]

37 If non-syndicated, name and address of Dealer

[Not Applicable/*give names and addresses*]

[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].

38 Applicable TEFRA exemption:

[C Rules/D Rules/Not Applicable]

39 Additional selling restrictions:

[Not Applicable/*give details*]

40 Subscription period:

[Not Applicable/*give details*]

GENERAL

41 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 14(a):

[Not Applicable/*give details*]

42 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 [●]]]

(17) When adding any other final terms consideration should be given as to whether such terms constitute a 'significant new factor' and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.

- 43 In the case of Notes listed on Euronext Amsterdam: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) 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] Not Applicable
 - (ii) Amsterdam Listing Agent: Rabobank Nederland or Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities)
 - (iii) Amsterdam Paying Agent: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities)

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 110,000,000,000 Global Medium-Term Note Programme of Rabobank Nederland.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [Information on the underlying has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 Listing

- (i) Listing: [Euronext Amsterdam/Luxembourg Stock Exchange/Other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●]/ No application for admission to trading has been made].¹⁸
- (iii) Estimate of total expenses related to admission to trading: [●]

2 Ratings

- Rating: [Not Applicable]
- [The Notes to be issued have been rated:]
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch Ratings Ltd: [●]]
- [[Other: [●]]
- (the above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

3 [Notification

The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Offering Circular has been drawn up in accordance with the Prospectus Directive.]

[Notwithstanding the foregoing, no offer of Notes to the public may be made in any Relevant Member State, which requires the Issuer to undertake any action in addition to the filing of the Final Terms with the Netherlands Authority for the Financial Markets unless and until the Issuer advises such action has been taken.]¹⁹

4 [Interests of natural and legal persons involved in the [issue/offer]

[Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:]

[Save as disclosed in the Offering Circular, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]]

(18) Where documenting a fungible issue, indicate that original securities are already admitted to trading. The concept of admission to trading will not be relevant for Notes which are listed on the Professional Securities Market in the UK or EuroMTF in Luxembourg.

(19) Delete this sentence if the minimum denomination is at least € 50,000.

5 **[Reasons for the offer, estimated net proceeds and total expenses]**²⁰

(i) Reasons for the offer:

[●]

(See 'Use of Proceeds' wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

(ii) Estimated net proceeds:

[●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses:

[●] *[Include breakdown of expenses.]*

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) where disclosure is included at (i) above.)

6 **Yield**

[●]

Indication of yield:

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is NOT an indication of future yield.

7 **Historic interest rates** *(Floating Rate Notes only)*²¹

Details of how historic [LIBOR/EURIBOR/other] rates can be obtained.

8 **Performance of index/formula, explanation of effect on value of investment and associated risks and other information concerning the underlying** *(Index-Linked Notes only)*²²

[Include details of where past and future performance and volatility of the index/formula can be obtained]

[Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[Need to include details of the settlement procedures for derivative securities]

[Need to include the exercise price or the final reference price of the underlying]

[Need to include a description of any market disruption or settlement disruption events that affect the underlying.]

[Need to include adjustment rules in relation to events concerning the underlying.]

[Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

[Where the underlying is an interest rate a description of the interest rate.]

[Where the underlying is a basket of underlyings disclosure of the relevant weightings of each underlying in the basket.]

(20) Delete if the minimum denomination is at least € 50,000.

(21) Delete if the minimum denomination is at least € 50,000.

(22) Required for derivative securities to which Annex XII of the Prospectus Directive applies.

- 9 **Performance of rate[s] of exchange and explanation of effect on value of investment**
(Dual Currency Notes only)²³
- [Include details of where past and future performance and volatility of the relevant rates can be obtained]*
- [Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]*
- 10 **Performance of underlying, explanation of effect on value of investment and associated risks and information concerning the underlying** (Equity-Linked Notes only)²⁴
- [Need to include details of the settlement procedures for derivative securities]*
- [Need to include the exercise price or the final reference price of the underlying]*
- [Need to include a description of any market disruption or settlement disruption events that affect the underlying.]*
- [Need to include adjustment rules in relation to events concerning the underlying.]*
- [Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]*
- [Include details of where past and future performance and volatility of the relevant rates can be obtained]*
- [Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*
- [Where the underlying is Equity, include the name of underlying and include details of where the information about the Equity can be obtained.]*
- 11 **Operational information**
- | | | |
|-------|---|---|
| (i) | Intended to be held in a manner which would allow Eurosystem eligibility: ²⁵ | [Yes/No]

[Note that the designation 'yes' simply means that the Notes are intended upon issue to be deposited with one of the ICSDs ²⁶ as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if 'yes' selected in which case the Notes must be issued in NGN form] |
| (ii) | ISIN: | [●] |
| (iii) | Common Code: | [●] |
| (iv) | German WKN-code: | [●]/Not Applicable |
| (v) | Private Placement number: | [●]/Not Applicable |
| (vi) | 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] |

(23) Delete if the minimum denomination is at least € 50,000.

(24) Required for derivative securities to which Annex XII of the Prospectus Directive applies.

(25) Only Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) may issue Notes in NGN form.

(26) The International Central Securities Depositories (i.e. Euroclear S.A./N.V. and Clearstream Banking, société anonyme).

- | | |
|--|------------------------------------|
| (vii) Delivery: | Delivery [against/free of] payment |
| (viii) Names and addresses of additional Paying/Delivery Agent(s) (if any): | Not Applicable/[●] |
| (ix) Names (and addresses) of Calculation Agent(s) (if different from Deutsche Bank AG, (London Branch): | Not Applicable/[●] |
- 12 **General** [Applicable/Not Applicable], *(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- | | |
|---|-----|
| (i) Time period during which the offer is open: | [●] |
| (ii) Description of the application process: | [●] |
| (iii) Description of possibility to reduce subscriptions: | [●] |
| (iv) Manner for refunding excess amount paid by applicants: | [●] |
| (v) Minimum and/or maximum amount of application: | [●] |
| (vi) Method and time limit for paying up the securities and for delivery of the securities: | [●] |
| (vii) Manner and date in which results of the offer are to be made public: | [●] |
| (viii) Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised: | [●] |
| (ix) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [●] |

[Where interest, discount income, prepayment fee, redemption premium or break cost 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 (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act") 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, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]²⁷

[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 Singapore Branch subject 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.]²⁸

(27) To be inserted where the Notes are qualifying debt securities' under the Income Tax Act, Chapter 134 of Singapore and the Notes are issued by Rabobank Singapore Branch.

(28) 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.

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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.

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Rabobank Group Consolidated Financial Statements 2008

In millions of euros	Note	At 31 December 2008	At 31 December 2007
Liabilities			
Due to other banks	19	23,891	46,332
Due to customers	20	304,214	276,610
Debt securities in issue	21	135,779	141,812
Derivative financial instruments and other trade liabilities	10	77,230	31,097
Other debts	22	8,644	10,518
Other financial liabilities at fair value through profit and loss	23	24,797	27,303
Provisions	24	875	1,167
Current tax liabilities		227	202
Deferred tax liabilities	25	474	851
Employee benefits	26	371	896
Subordinated debt	27	2,159	2,294
Total liabilities		578,661	539,082
Equity			
Equity of Rabobank Nederland and local Rabobanks	29	20,074	19,684
Rabobank Member Certificates issued by a group company	30	6,236	6,233
		26,310	25,917
Capital Securities and Trust Preferred Securities III to VI	31	3,510	2,779
Minority interests	32	3,639	2,713
Total equity		33,459	31,409
Total equity and liabilities		612,120	570,491

Consolidated profit and loss account

In millions of euros	Note	For the year ended 31 December	
		2008	2007
Interest income.....	33	27,245	29,356
Interest expense.....	33	18,728	22,585
Interest	33	8,517	6,771
Fee and commission income.....	34	3,400	3,394
Fee and commission expense.....	34	511	537
Fees and commission	34	2,889	2,857
Income from associates.....	35	(26)	753
Net income from financial assets and liabilities at fair value through profit and loss.....	36	(1,155)	(515)
Gains on available-for-sale financial assets.....	12	(51)	64
Other.....	37	1,478	1,092
Income		11,652	11,022
Staff costs.....	38	4,290	4,400
Other administrative expenses.....	39	2,796	2,779
Depreciation and amortisation.....	40	525	484
Operating expenses		7,611	7,663
Value adjustments.....	41	1,189	266
Operating profit before taxation		2,852	3,093
Taxation.....	42	98	397
Net profit		2,754	2,696
Of which attributable to Rabobank Nederland and local Rabobanks.....	29	2,089	1,971
Of which attributable to holders of Rabobank Member Certificates.....	30	316	299
Of which attributable to Capital Securities.....	31	94	17
Of which attributable to Trust Preferred Securities III to VI.....	31	100	106
Of which attributable to minority interests.....	32	155	303
Net profit for the year		2,754	2,696

See the notes to the consolidated financial statements.

Consolidated statement of changes in equity

In millions of euros	Equity of Rabobank Nederland and local Rabobanks	Rabobank Member Certificates	Capital Securities and TPS	Minority interests	Total
At 1 January 2007	17,426	5,808	1,959	4,184	29,377
(Note: 29)					
Arising in the period (after taxation):					
Net fair value changes – available-for-sale financial assets	(39)	-	-	(584)	(623)
Net fair value changes – associates	70	-	-	-	70
Net fair value changes – cash flow hedges	12	-	-	-	12
Currency translation differences	(205)	-	(170)	(225)	(600)
Transferred to net profit for the year – available-for-sale financial assets	315	-	-	-	315
Costs of issue of Capital Securities	-	-	(17)	-	(17)
Total income and expense for the year recognised directly in equity	153	-	(187)	(809)	(843)
Net profit for the year	1,971	299	123	303	2,696
Total income and expense	2,124	299	(64)	(506)	1,853
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI (TPS) and Capital Securities	-	(299)	(123)	-	(422)
Issue of Capital Securities	-	-	1,007	-	1,007
Exchange of government bonds for subordinated loans to Rabobank Nederland	-	415	-	(415)	-
Other	134	10	-	(550)	(406)
At 31 December 2007	19,684	6,233	2,779	2,713	31,409
At 1 January 2008	19,684	6,233	2,779	2,713	31,409
(Note: 29)					
Arising in the period (after taxation):					
Net fair value changes – available-for-sale financial assets	(1,898)	-	-	472	(1,426)
Net fair value changes – associates	(1)	-	-	-	(1)
Net fair value changes – cash flow hedges	(32)	-	-	-	(32)
Currency translation differences	(337)	-	(91)	56	(372)
Transferred to net profit for the year – available-for-sale financial assets	511	-	-	-	511
Costs of issue of Capital Securities	-	-	(12)	-	(12)
Total income and expense for the year recognised directly in equity	(1,757)	-	(103)	528	(1,332)
Net profit for the year	2,089	316	194	155	2,754
Total income and expense	332	316	91	683	1,422
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI (TPS) and Capital Securities	-	(316)	(194)	-	(510)
Issue of Capital Securities	-	-	835	-	835
Paid-in share premium	(115)	154	-	-	39
Other	173	(151)	(1)	243	264
At 31 December 2008	20,074	6,236	3,510	3,639	33,459

Consolidated cash flow statement

In millions of euros		For the year ended 31 December	
	Note	2008	2007
Cash flows from operating activities			
Operating profit before taxation		2,852	3,093
Adjusted for:			
<i>Non-cash items recognised in profit and loss</i>			
Depreciation and amortisation	40	525	484
Value adjustments	41	1,189	266
Result on sale of property and equipment		(12)	(9)
Share of (profit) of associates and result on sale of subsidiaries		84	(698)
Fair value results on investment properties		2	(6)
Fair value results on financial assets and liabilities at fair value through profit and loss	36	1,155	515
Net result on available-for-sale financial assets	12	51	(64)
<i>Net change in operating assets:</i>			
Due from and due to other banks	7	(12,999)	(15,330)
Trading financial assets	8	17,603	7,610
Derivative financial instruments	10	(40,670)	(7,097)
Net change in non-trading financial assets at fair value through profit and loss	9	7,731	3,335
Loans to customers	11	(53,315)	(18,044)
Dividends received from associates and financial assets		68	71
<i>Net change in liabilities relating to operating activities:</i>			
Derivative financial instruments and other trade liabilities	10	46,133	4,403
Due to customers	20	27,604	14,598
Debt securities in issue	21	(6,033)	13,746
Other debts	22	(1,874)	(131)
Income tax paid		(789)	(833)
Other changes		12,948	893
Net cash flow from operating activities		2,253	6,802
Cash flows from investing activities			
Acquisition of subsidiaries net of cash and cash equivalents acquired		(181)	(431)
Disposal of subsidiaries net of cash and cash equivalents		1	18
Acquisition of property and equipment and investment properties		(1,638)	(559)
Proceeds from sale of property and equipment	16, 17	893	398
Acquisition of available-for-sale financial assets and held-to-maturity financial assets		(16,508)	(21,443)
Proceeds from sale and repayment of available-for-sale financial assets and held-to-maturity financial assets		19,889	15,156
Net cash flow from investing activities		2,456	(6,861)
Cash flows from financing activities			
Proceeds from issue of Capital Securities	31	823	990
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI and Capital Securities	30, 31	(510)	(422)
Repayment of and proceeds from issue of subordinated debt	27	(46)	(10)
Net cash flow from financing activities		267	558
Net change in cash and cash equivalents		4,976	499
Cash and cash equivalents at beginning of year	6	2,129	1,630
Cash and cash equivalents at end of year		7,105	2,129
The cash flows from interest are included in the net cash flow from operating activities.			
Interest income		27,088	28,831
Interest expense		18,219	21,621

Notes to the consolidated financial statements

1 Basis of consolidation

Rabobank Group ('Rabobank') comprises the local Rabobanks ('Members') in the Netherlands, the central cooperative Rabobank Nederland and other specialised subsidiaries. Together they form Rabobank Group. Rabobank Nederland advises the Members and assists them in the provision of their services. Rabobank Nederland also advises the Members on behalf of De Nederlandsche Bank (the Dutch Central Bank). Rabobank's cooperative structure has several executive levels, each with its own duties and responsibilities.

In IFRS terms, Rabobank Nederland exercises control over the local Rabobanks. The consolidated financial statements of Rabobank include the financial information of Rabobank Nederland and that of the Members and the other group companies.

2 Accounting policies

The main accounting policies used in preparing these consolidated financial statements are explained below.

2.1 General

The consolidated financial statements of Rabobank have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. In 2008, Rabobank applied IFRIC 11 and the amendments to IAS 39/IFRS 7 'Reclassification of financial assets'.

IFRS 8 'Operating Segments' applies to financial years commencing on or after 1 January 2009. It addresses the manner in which segments should be defined for financial reporting purposes. Furthermore, the standard requires disclosure of the products and services which the company offers, the geographical areas in which the company operates and its principal clients. This standard could affect the manner in which segment information is presented.

The consolidated financial statements have been prepared on the basis of the accounting policies outlined below. The remaining assets and liabilities are accounted for on a historical cost basis, unless otherwise stated.

Unless otherwise stated, all amounts in these financial statements are in millions of euros.

2.1.1 *Changes in accounting policies and presentation*

Actuarial gains or losses from adjustments to actual developments and modified actuarial assumptions are recognised using the corridor method. Insofar as unrecognised cumulative actuarial gains or losses exceed 10% of the higher of the present value of the gross obligation under the defined benefit plan or the fair value of the fund, such excess – as from 1 January 2008 – is taken to profit or loss, spread over two years. Up until 2008, actuarial gains and losses were recognised over the expected average remaining years of service of the employees participating in the plan. At year-end 2007, the 10% limit was substantially exceeded for the first time, because of the major increase in unrecognised actuarial results. At year-end 2007, unrecognised actuarial gains totalled 1.9 billion. Considering that unrecognised actuarial results adversely affect the transparency of profit and equity, the decision for a change in accounting policy was made. The change in accounting policy is in accordance with paragraph 93 of IAS 19, which stipulates the following: 'However, an entity may adopt any systematic method that results in faster recognition of actuarial gains and losses, provided that the same basis is applied to both gains

and losses and the basis is applied consistently from period to period.' The change in accounting policy has had a positive effect (after tax) on profit of some 240. The comparative figures have been restated accordingly and the positive effect on profit (after tax) and equity for 2007 amounts to 34. The initial capital for 2007 was not affected.

The comparative figures have been restated since the amounts due to central banks totalling 23 (2007: 27) billion are recognised under Due to customers instead of Due to other banks with effect from 2008.

Furthermore, 963 (2007: 477) in value adjustments of available-for-sale financial assets was reclassified to 'Net income from financial assets and liabilities at fair value through profit and loss'.

Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated.

2.1.2 Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities, the reporting of contingent assets and liabilities at the date of the financial statements, as well as the amounts reported for income and expenses during the reporting period. The situations that are assessed based on available financial data and information mainly concern the determination of the provision for doubtful debts, the fair value of assets and liabilities and impairments. Although management based their estimates on the most careful assessment of the current circumstances and activities, the actual results might deviate from these estimates.

2.2 Group financial statements

2.2.1 Subsidiaries

Subsidiaries and other entities (including special purpose entities) over which Rabobank exercises control, directly or indirectly, are consolidated. The assets, liabilities and results of these entities are consolidated in full.

Subsidiaries are consolidated from the date Rabobank obtains control, and cease to be consolidated on the date that this control ends. All intra-group transactions, balances and unrealised gains and losses on transactions between business units of Rabobank are eliminated as part of the consolidation.

2.2.2 Joint ventures

The interests of Rabobank in entities where control is shared are consolidated proportionally. With this method, Rabobank includes its share of the income and expenses, assets and liabilities, and cash flows of the various joint ventures in the relevant items of its financial statements.

2.2.3 Investments in associates

Investments in associates are recognised in accordance with the equity method. With this method, Rabobank's share of the profits and losses of an associate – subject to Rabobank's accounting policies – (after the acquisition) is recognised in profit and loss, and its share of the changes in reserves after the acquisition is recognised in reserves. The cumulative changes after acquisition are adjustments to the cost of the investment.

Associates are entities over which Rabobank has significant influence and in which it usually holds between 20% and 50% of the voting rights but over which it does not exercise control. Unrealised gains on transactions between Rabobank and its associates are eliminated in proportion to the size of Rabobank's interest in the associates. Unrealised losses are also eliminated unless the transaction indicates that an impairment loss should be recognised on the asset transferred. Investments by Rabobank in associates include the goodwill acquired. If Rabobank's share in the losses of an associate equals or exceeds its interest in the associate, Rabobank will not recognise any more losses of the associate unless Rabobank has given undertakings or made payments on behalf of this associate.

2.3 Derivative financial instruments and hedging

2.3.1 General

Derivative financial instruments generally mean foreign currency contracts, currency and interest rate futures, forward rate agreements, currency and interest rate swaps, and currency and interest rate options (written as well as acquired). Derivative financial instruments might be traded on an exchange or as over-the-counter (OTC) instruments between Rabobank and a client. All derivative financial instruments are recognised at fair value. The fair value is determined using listed market prices, prices offered by traders, cash-flow discounting models and option valuation models based on current market

prices and contracted prices for the underlying instruments, as well as the time value of money, yield curves and the volatility of the underlying assets and liabilities. All derivative financial instruments are included under assets if their fair value is positive and under liabilities if their fair value is negative.

Derivative financial instruments embedded in other financial instruments are treated separately if their risks and characteristics are not closely related to those of the underlying derivative contract and this contract is not classified at fair value through profit and loss.

2.3.2 Instruments not used for hedging

Realised and unrealised gains and losses on derivative financial instruments classified by Rabobank as held for trading are recognised under 'Trading income'.

2.3.3 Hedging instruments

Rabobank also uses derivative financial instruments as part of balance sheet control to manage its interest rate risks, credit risks and foreign currency risks. Rabobank makes use of the possibilities provided by the EU through the carve-out in IAS 39. The carve-out facilitates the application of fair value portfolio hedge accounting to certain positions. Buckets are used to measure effectiveness.

On the date of concluding a derivative contract, Rabobank can designate certain derivative financial instruments as (1) a hedge of the fair value of an asset or liability in the balance sheet (fair value hedge), as (2) a hedge of future cash flows attributable to an asset or liability in the balance sheet, an expected transaction or a non-current liability (cash flow hedge), or as (3) a hedge of a net-investment in a foreign entity (net investment hedge). Hedge accounting can be applied for derivative financial instruments designated in this manner if certain criteria are met.

These criteria include:

- Formal documentation of the hedging instrument, the hedged item, the objective of the hedge, the hedging strategy and the hedge relationship before applying hedge accounting;
- The hedge is expected to be very effective (in a range of 80% to 125%) in offsetting changes in the hedged item's fair value or cash flows attributable to the hedged risks during the entire reporting period; and
- The hedge is continuously very effective from inception onwards.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges and are effective in relation to the hedged risks are recognised in profit and loss, together with the corresponding changes in the fair value of the assets or liabilities hedged against the risks in question.

If the hedge no longer meets the criteria for hedge accounting (according to the fair value hedge model), any adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised through profit and loss until the end of the hedged period. Any adjustment to the carrying amount of a hedged equity instrument is recognised under equity until disposal of the equity instrument.

Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges and that are highly effective in relation to the hedged risks are recognised in the hedging reserve included under equity (see note 10). The non-effective part of the changes in the fair values of the derivative financial instruments is recognised in profit and loss. If the forecast transaction or the non-current liability results in the recognition of a non-financial asset or a non-financial liability, any deferred gain or loss included in equity is restated to the initial carrying amount (cost) of the asset or the liability. In all other cases, deferred amounts included in equity are taken to the profit and loss account and are classified as income or expenses in the periods in which the hedged non-current liability or the forecast transaction had an effect on profit and loss.

Certain derivative contracts, although they are economic hedges in relation to the managed risk positions taken by Rabobank, do not qualify for hedge accounting under the specific IFRS rules. These contracts are therefore treated as derivative trading financial instruments.

The fair value of derivative financial instruments held for trading and hedging purposes is disclosed in note 10, 'Derivative financial instruments and other trade liabilities'.

2.4 Trade liabilities and other liabilities at fair value through profit and loss

2.4.1 Trade liabilities

Trade liabilities are mainly negative fair values of derivative financial instruments and delivery obligations arising on short selling of securities. Securities are sold short to realise gains from short-term price fluctuations. The securities needed to settle the short selling are acquired through securities leasing or sale and securities repurchase agreements. Securities sold short are recognised at fair value at the balance sheet date.

2.4.2 Other liabilities at fair value through profit and loss

Other liabilities at fair value through profit and loss include certain financial liabilities that Rabobank does not intend to sell, but which it accounted for at fair value on initial recognition. Changes in the fair value of these financial liabilities are recognised in profit and loss for the period in which they arise.

2.5 Trading financial assets

Trading financial assets are acquired to realise gains from short-term fluctuations in the prices or margins of traders, or form part of a portfolio that regularly generates short-term gains. These assets are stated at fair value based on quoted bid prices. Any realised and unrealised gains and losses are included under 'Trading income'. Interest earned on trading financial assets is recognised as interest income. Dividends received on trading financial assets are recognised as 'Trading income'.

All purchases and sales of trading financial assets that have to be delivered within a period prescribed by regulations or market convention are recognised at the transaction date. Other trading transactions are recognised as derivative financial instruments until the date of settlement.

2.6 Non-trading financial assets and liabilities at fair value through profit and loss

Rabobank has opted to classify financial instruments not acquired or entered into for realising gains from short-term fluctuations in traders' prices or margins at fair value through profit and loss.

These financial assets, including venture capital, are carried at fair value.

Management designates financial assets and liabilities to this category upon initial recognition if any or all of the following criteria are met:

- Such a designation eliminates or substantially reduces any inconsistent treatment that would otherwise have arisen upon valuation of the assets or liabilities or recognition of profits or losses on the basis of different accounting policies;
- The assets and liabilities belong to a group of financial assets and/or financial liabilities that are managed and assessed on the basis of their fair value in accordance with a documented risk management or investment strategy;
- The financial instrument contains an embedded derivative financial instrument, unless the embedded derivative financial instrument does not significantly affect the cash flows or if it is evident, after limited analysis or no analysis at all, that separate recognition is not required.

Interest earned on assets with this classification is recognised as interest income and interest due on liabilities with this classification is recognised as interest expense. Any other realised and unrealised gains and losses on revaluation of these financial instruments at fair value are included under 'Income from other financial assets and liabilities'.

2.7 Day 1 profit

Discrepancies between the transaction price and fair value may arise if valuation techniques are applied at the time of the transaction. Such a discrepancy is referred to as Day 1 profit. Rabobank recognises this profit directly under 'Trading income' provided that the valuation technique is based on observable data (from active markets). If unobservable data was used, the Day 1 profit is amortised over the term of the transaction. Profit is subsequently accounted for if the financial instrument in question is sold or if the data input has subsequently become observable.

2.8 Available-for-sale financial assets

Management determines the appropriate classification of a financial asset on the date of acquisition.

Financial assets that are intended to be held indefinitely and that could be sold for liquidity purposes or in response to changes in interest rates, exchange rates or share prices are classified as available for sale.

Available-for-sale financial assets are initially recognised at costs and immediately revalued at fair value based on quoted bid prices or values derived from cash flow models. The fair values of unlisted equity instruments are estimated based on appropriate price/earnings ratios, adjusted to reflect the specific circumstances of the respective issuers. Any unrealised gains and losses from changes in the fair value of available-for-sale financial assets are recognised in equity unless they relate to amortised interest. If such financial assets are disposed of or suffer impairment losses, the adjustments to fair value are recognised in profit and loss.

At each balance sheet date, management assesses whether there are objective indications of impairment of available-for-sale assets. An investment is impaired if its cost permanently exceeds its recoverable amount, i.e. its fair value is permanently or significantly lower than its cost. The recoverable amount of investments in unlisted equity instruments is determined using approved valuation methods,

whereas the recoverable amount of listed financial assets is determined on the basis of market value. These listed assets are deemed to be impaired if there are objective indications that the market value has decreased to such a degree that no reasonable assumptions can be made that the value will recover to carrying amount in the foreseeable future. If the impairment of an available-for-sale asset diminishes in a subsequent period and the diminution can be objectively attributed to an event that occurred after the impairment, the impairment is reversed through profit and loss. This does not apply to investments in equity instruments whereby an increase in value after impairment is accounted for as a revaluation.

All purchases and sales made in accordance with standard market conventions for available-for-sale financial assets are recognised at the transaction date. All other purchases and sales are recognised at the settlement date.

2.9 Held-to-maturity financial assets

Financial assets with fixed terms and cash flows are classified as held-to-maturity financial assets, provided management intends to keep them for their full terms and is in a position to do so. Management determines the appropriate classification for its investments on their acquisition dates.

Held-to-maturity financial assets are carried at amortised cost based on the effective interest method, net of provisions for impairment losses.

Interest earned on held-to-maturity financial assets is recognised as interest income. All purchases and sales made in accordance with standard market conventions for held-to maturity financial assets are recognised at the date of settlement. All other purchases and sales are recognised as forward derivative contracts until their dates of settlement.

2.10 Repurchase agreements and reverse repurchase agreements

Financial assets that are sold subject to related sale and repurchase agreements are included in the financial statements under 'Trading financial assets' and 'Available-for-sale financial assets'. The liability to the counterparty is included under 'Due to other banks' and 'Due to customers', depending on the application.

Financial assets acquired under reverse sale and reverse repurchase agreements are recognised as:

- Due from other banks, or
- Loans to customers,

depending on the application. The difference between the selling price and repurchasing price is recognised as interest income or interest expense over the term of the agreement, based on the effective interest method.

2.11 Securitisations and other derecognition constructions

Rabobank securitises, sells and carries various financial assets. Those assets are sometimes sold to special purpose entities ('SPEs'), which then issue securities to investors. Rabobank has the option of retaining an interest in sold securitised financial assets in the form of subordinated interest-only strips, subordinated securities, spread accounts, servicing rights, guarantees, put options and call options, and other constructions.

A financial asset (or a portion of it) is derecognised if:

- The rights to the cash flows from the asset expire;
- The rights to the cash flows from the asset and a substantial portion of the risks and benefits of ownership of the asset are transferred;
- A commitment to transfer the cash flows from the asset is presumed and a substantial portion of the risks and benefits are transferred;
- A commitment to transfer the cash flows from the asset is presumed;
- Not all the risks and benefits are retained or transferred; however, control over the asset is transferred.

No financial assets have been derecognised at Rabobank to date.

If Rabobank retains control over the asset but does not retain a substantial portion of the rights and benefits, the asset is recognised in proportion to the continuing involvement of Rabobank. A related liability is also recognised to the extent of Rabobank's continuing involvement. The recognition of changes in the value of the liability corresponds to the recognition of changes in the value of the asset.

If a transaction does not meet the above conditions for derecognition, it is recognised as a loan for which security has been provided.

To the extent that the transfer of a financial asset does not qualify for derecognition, the transfer does not result in Rabobank's contractual rights being separately recognised as derivative financial instruments if recognition of these instruments and the transferred asset, or the liability arising on the transfer, were to result in double recognition of the same rights or obligations.

Gains and losses on securitisations and sale transactions depend partly on the previous carrying amounts of the financial assets transferred. These are allocated to the sold and retained interests based on the relative fair values of these interests at the date of sale. Any gains and losses are recognised through profit and loss at the time of transfer.

The fair value of the sold and retained interests is based on quoted market prices or calculated as the present value of the future expected cash flows, using pricing models that take into account various assumptions such as credit losses, discount rates, yield curves, payment frequency and other factors.

Rabobank decides whether the SPE should be included in the consolidated financial statements. For this purpose, it performs an assessment of the SPE by taking a number of factors into consideration, for instance the activities, decision-making powers and the allocation of the benefits and risks associated with the activities of the SPE.

2.12 Cash and cash equivalents

Cash equivalents are highly liquid short-term investments held to meet current obligations in cash, rather than for investments or other purposes. Such obligations have outstanding terms of less than 90 days at inception. Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.13 Netting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount is transferred to the balance sheet if a legal right to set off the recognised amounts exists and it is intended to settle the expected future cash flows on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Foreign currencies

2.14.1 Foreign entities

Items included in the financial statements of each entity in Rabobank Group are carried in the currency that best reflects the economic reality of the underlying events and circumstances that are relevant for the entity ('the functional currency'). The consolidated financial statements are presented in euros, which is the parent company's functional currency.

Gains, losses and cash flows of foreign entities are translated into the presentation currency of Rabobank at the exchange rates ruling at the transaction dates, which is approximately equal to the average exchange rates. For balance sheet purposes, they are translated at closing rates. Translation differences arising on the net investments in foreign entities and on loans and other currency instruments designated as hedges of these investments are recognised in equity. If a foreign entity is sold, any such translation differences are recognised in profit and loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recognised as assets and liabilities of the foreign entity and are translated at the closing rate.

2.14.2 Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates ruling at the transaction dates. Translation differences arising on the settlement of such transactions or on the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, unless they are recognised in equity as qualifying net investment hedges.

Translation differences on debt securities and other monetary financial assets carried at fair value are included under foreign exchange gains and losses. Translation differences on non-monetary items such as equity instruments held for trading are recognised as part of the fair value gains or losses. Translation differences on available-for-sale non-monetary items are included in the revaluation reserve reported under equity.

2.15 Interest

Interest income and expenses for all interest-bearing instruments are recognised in profit and loss on an accrual basis, with the effective interest method being applied. Interest income includes coupons relating to fixed-interest financial assets and trading financial assets, as well as the cumulative premiums and discounts on government treasury securities and other cash equivalent instruments. If any loans suffer impairment losses, they are written down to their recoverable amounts and the interest income recognised henceforth is based on the discount rate for calculating the present value of the future cash flows used to determine the recoverable amounts.

2.16 Fees and commission

Income from asset management activities consists mainly of unit trust, fund management commission and administration. Income from asset management and insurance brokerage is recognised as earned once the services have been provided.

Fees and commission are generally recognised on an accrual basis. Fees and commission received for negotiating a transaction, or taking part in the negotiations, on behalf of third parties, for example the acquisition of a portfolio of loans, shares or other securities, or the sale or purchase of companies, are recognised at completion of the underlying transactions.

2.17 Loans to customers and due from other banks

Loans to customers and due from other banks are non-derivative financial instruments with fixed or defined payments, not listed on an active market, apart from such assets that Rabobank classifies as trading, at fair value on initial recognition with changes recognised through profit and loss, or as available for sale. These loans and receivables are measured at amortised cost, including transaction costs.

Loans are subject to either individual or collective impairment analyses. A value adjustment, a provision for losses on loans, is recognised if there is objective evidence that Rabobank will not be able to collect all amounts due under the original terms of the contract. The size of the provision is the difference between the carrying amount and the recoverable amount, which is the present value of the expected cash flows, including amounts recoverable under guarantees and sureties, discounted at the original effective rate of interest of the loans.

The provision for loans includes losses if there is objective evidence that losses are attributable to some portions of the loan portfolio at the balance sheet date. Examples of objective evidence for value adjustments are:

- Significant financial problems on the part of the borrower;
- Default in making interest and/or redemption payments on the part of the borrower;
- Loan renegotiations;
- Possibility of bankruptcy of or financial reorganisation at the borrower;
- Changes in borrowers' payment status;
- Changes in economic circumstances that could cause the borrower to default.

The losses are estimated based on the historical pattern of losses for each separate portion, the credit ratings of the borrowers, and taking into account the actual economic conditions under which the borrowers conduct their activities. The carrying amount of the loans is reduced through the use of a provision account and the loss is taken to the profit and loss account. If a loan is not collectible, it is written off from the related provision for losses on loans. Any amounts subsequently collected are included under the item 'Value adjustments' in the profit and loss account.

2.18 Intangible assets

2.18.1 Goodwill

Goodwill is the amount by which the acquisition price paid for a subsidiary or associate exceeds the fair value on the acquisition date of Rabobank's share of the net assets and the contingent liabilities of the entity acquired. Impairment tests are performed annually or – if indications so dictate – more frequently to determine whether impairment has occurred.

2.18.2 Software development costs

Costs related to the development or maintenance of software are recognised as an expense at the time they are incurred. Costs directly incurred in connection with identifiable and unique software products over which Rabobank has control and that will probably provide economic benefits exceeding the costs for longer than a year are recognised as intangible assets. Direct costs include the employee expenses of the software development team and an appropriate portion of the relevant overhead.

Expenditures that improve the performance of software compared with their original specifications are added to the original cost of the software. Software development costs are recognised as assets and amortised on a straight-line basis over a period not exceeding five years.

2.18.3 Insurance contracts acquired as part of a business combination or upon portfolio transfer and other intangible assets

The fair value (present value of the expected future cash flows) of contractual insurance rights and obligations are capitalised as intangible assets and amortised over the term of the contract, which is generally between two and five years. The other intangible assets are amortised over their useful lives.

Each year, Rabobank performs an impairment test based on expected future cash flows. An impairment loss is recognised if the expected future profits do not justify the carrying amount of the asset.

2.18.4 Impairment losses on goodwill

Each year at year-end goodwill is tested for impairment by comparing the recoverable amount of cash-flow generating units with their carrying amount. The higher of value in use on the one hand and fair value less selling costs on the other determines the recoverable amount. The definition of cash-flow generating units depend on the type of company acquired. At the moment, Rabobank defines all cash-flow generating units as (legal) entities.

The recoverable amount of a cash-flow generating unit is arrived at by determining the present value of the expected future cash flows of the cash-flow generating unit in question. The major assumptions used in the cash flow model depend on the input data which reflect different financial and economic variables, such as the risk-free interest rate in a country and a premium reflecting the inherent risk of the entity concerned. The variables are determined subject to review by management.

2.18.5 Impairment losses on intangible assets

At each balance sheet date, Rabobank assesses whether there are indications of impairment of other intangible assets. If such indications exist, impairment testing is carried out to determine whether the carrying amount of the other intangible assets is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Goodwill and software under development are tested for impairment each year at the balance sheet date or more frequently if indications of impairment exist.

2.19 Property and equipment

Equipment (for own use) is recognised at historical cost net of accumulated depreciation and impairments if applicable.

Property (for own use) represents mainly offices and is also recognised at cost less accumulated depreciation and impairments if applicable.

Straight-line depreciation is applied to these assets in accordance with the schedule below.

Each asset is depreciated to its residual value over its estimated useful life:

- Land Not depreciated
- Buildings 25 – 40 years

Equipment, including

- Computer equipment 1 – 5 years
- Other equipment and vehicles 3 – 8 years

Each year, Rabobank assesses whether there are indications of impairment of property and equipment. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount. Gains and losses on the disposal of items of property and equipment are determined in proportion to their carrying amounts and taken into account when determining the operating result. Repair and maintenance work is charged to profit and loss at the time the relevant costs are incurred. Expenditures on extending or increasing the benefits from land and buildings compared with their original benefits are capitalised and subsequently depreciated.

2.20 Investment properties

Investment properties, mainly office buildings, are held for their long-term rental income and are not used by Rabobank or its subsidiaries. Investment properties are recognised as long-term investments and included in the balance sheet at cost, net of accumulated depreciation and impairment.

Investment properties are depreciated in accordance with the terms of the underlying lease contracts.

2.21 Work in progress

Work in progress is included in 'other assets' in the balance sheet. Work in progress relates to commercial real estate projects as well as sold and unsold housing projects under construction or planned and is carried at cost plus allocated interest, net of provisions as necessary. Instalments invoiced to buyers and customers are deducted from work in progress. If the balance for a project is negative (the amount of the invoiced instalments exceeds the capitalised costs), the balance of that project is reclassified as 'Other liabilities'.

Gains and losses are recognised based on the percentage of completion method.

2.22 Leasing

2.22.1 Rabobank as lessee

Leases relating to property and equipment under which virtually all risks and benefits of ownership are transferred to Rabobank are classified as finance leases. Finance leases are capitalised at the inception of the lease at the fair value of the leased assets or at the present value of the minimum lease payments if the present value is lower. Lease payments are apportioned between the lease liability and the finance charges, so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding lease liabilities are included under 'Other loans', after deduction of finance charges. The interest components of the finance charges are recognised in profit and loss over the term of the lease. An item of property and equipment acquired under a lease agreement is depreciated over the useful life of the asset or, if shorter, the term of the lease.

Leases under which a considerable portion of the risks and benefits of ownership of the assets is retained by the lessor are classified as operating leases. Operating lease payments (less any discounts given by the lessor) are charged to profit and loss on a straight-line basis over the term of the lease.

2.22.2 Rabobank as lessor

Finance leases

If assets are leased under a finance lease, the present value of the lease payments is recognised as a receivable under 'Due from other banks' or 'Loans to customers'. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised as interest income over the term of the lease using the net investment method, which results in a constant rate of return on the investment.

Operating leases

Assets leased under operating leases are included in the balance sheet under 'Property and equipment'. The assets are depreciated over their expected useful lives in line with those of comparable items of property and equipment. Rental income (less discounts granted to lessees) is recognised under 'Other income' on a straight-line basis over the term of the lease.

2.23 Provisions

Provisions are recognised if Rabobank has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If Rabobank expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only if the reimbursement is virtually certain. The provisions are carried at the discounted value of the expected future cash flows.

2.23.1 Restructuring

Restructuring provisions comprise penalties for premature termination of leases, payments under redundancy schemes and other costs directly attributable to restructuring programmes. The costs are recognised in the period in which a legal or constructive obligation arises for Rabobank and a detailed redundancy scheme is in place. No provisions are formed in advance for costs relating to continuing operations of Rabobank.

2.23.2 Leave and long-term employment

Leave entitlements of employees and leave relating to long-term employment are recognised at the time they are granted. A provision is formed for the estimated obligation for annual leave and leave relating to long-term service of employees, with the balance sheet date as reference point.

2.23.3 Legal issue

Legal issues provisions are formed for the amounts estimated at the balance sheet date.

2.24 Employee benefits

Rabobank provides various pension plans based on the local conditions and practices of the countries in which it operates. In general, the plans are financed by payments to insurance companies or trustee administered funds. The payments are calculated actuarially at regular intervals. A defined benefit plan is one that incorporates a promise to pay an amount of pension benefit, which is usually based on several factors such as age, number of years in service and remuneration. A defined contribution plan is

one under which Rabobank pays fixed contributions to a separate entity (a pension fund) and acquires no legal or constructive obligation if the fund has insufficient assets to pay all the benefits to employee-members of the plan in respect of service in current and past periods.

2.24.1 Pension obligations

The defined benefit liability is the present value of the defined benefit obligation at the balance sheet date, including adjustments for actuarial gains and losses and past service costs not yet recognised, reduced by the fair value of the fund. The defined benefit obligation is calculated by independent actuaries each year using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows at rates of interest on prime corporate bonds with terms approximating those of the related obligations. Most of the pension plans are career average pension plans and the net costs after deduction of employees' contributions are included under 'Staff costs'. Actuarial gains or losses from adjustments to actual developments and modified actuarial assumptions are recognised using the corridor method. Insofar as unrecognised cumulative actuarial gains or losses exceed 10% of the higher of the present value of the gross obligation under the defined benefit plan or the fair value of the fund, such excess is taken to profit or loss, spread over two years.

2.24.2 Defined contribution plans

Under defined contribution plans, Rabobank pays contributions to publicly or privately managed insured pension plans on a compulsory, contractual or voluntary basis. Once the contributions have been made, Rabobank has no further payment obligations. The regular contributions are net period costs for the year in which they are due and are included on this basis under 'Staff costs'.

2.24.3 Other post-employment obligations

Some Rabobank units provide other post-employment benefits. To become eligible for such benefits, the usual requirement is that the employee remains in service until retirement and has been with the company a minimum number of years. The expected costs of these benefits are accrued over the years of service, based on a system similar to that for defined benefit plans. The obligations are valued each year by independent actuaries.

2.25 Tax

Tax receivables and payables and deferred tax assets and liabilities are set off if they relate to the same tax group and the same taxation authority. They are also set off if a legally enforceable right exists to set off tax items and simultaneous treatment or settlement is expected.

Provisions are formed in full for deferred tax liabilities, using the liability method, arising from temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The main temporary differences relate to the depreciation of property and equipment, the revaluation of certain financial assets and liabilities, including derivative financial instruments, provisions for pensions and other post-employment benefits, provisions for losses on loans and other impairment and tax losses, and, in connection with business combinations, the fair values of the net assets acquired and their tax bases. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Provisions are formed in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, unless the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Taxation on profit is calculated in accordance with the tax legislation of the relevant jurisdiction and recognised in the period in which the profit is realised. The tax effects of the carry-forward of unused tax losses are recognised as an asset if it is probable that future taxable profits will be available against which the losses can be utilised.

Deferred tax assets or deferred tax liabilities are included for the revaluation of available-for-sale financial assets and cash flow hedges that are charged or taken to equity and recognised in profit and loss upon realisation together with the respective gain or loss.

2.26 Due to other banks, due to customers and debt securities in issue

These borrowings are initially recognised at cost, i.e. the proceeds received less directly attributable and non-recurring transaction costs. Loans are subsequently included at amortised cost. Any difference between the net proceeds and the redemption amount is recognised over the term of the loan, using the effective interest method.

If Rabobank repurchases one of its own debt instruments, it is derecognised, with the difference between the carrying amount of a liability and the consideration paid being recognised as income or expense.

2.27 Rabobank Member Certificates

These are the certificates for shares in the capital of Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V. respectively issued in 2000, 2001, 2002 and 2005. On 30 December 2008, the merger between RLC (as the recipient company), RLC I and RLC II became effective ('the Merger'). Following the Merger, RLC (known after the Merger as: Rabobank Ledencertificaten N.V.) acquired all the capital of RLC I and RLC II by universal title and RLC I and RLC II ceased to exist.

Since the proceeds of the issue are available to Rabobank on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no distribution is made if the consolidated profit and loss account of Rabobank shows a loss for any financial year, the issue proceeds, insofar as they have been lent on to Rabobank Nederland, are recognised under 'Equity' in proportion to the number of certificates held by members and employees. As a result, distributions are accounted for in the profit appropriation.

2.28 Trust Preferred Securities and Capital Securities

Trust Preferred Securities, which pay a non-discretionary dividend and are redeemable on a specific date or at the option of the holder, are classified as financial liabilities and included under 'Other loans'. The dividends on these preferred securities are recognised in profit and loss as interest expense based on amortised cost using the effective interest method.

The remaining Trust Preferred Securities and Capital Securities are recognised as 'Equity', as there is no formal obligation to repay the principal or to pay the dividend.

2.29 Financial guarantees

Financial guarantees are initially measured at fair value and subsequently at the higher of two amounts, i.e. the amount Rabobank would reasonably have to pay at the balance sheet date to settle the obligation or transfer it to a third party and the initial carrying amount less amortisation.

2.30 Bills

Bills represent commitments by Rabobank to redeem bills issued to clients. Rabobank expects to redeem most bills at the time clients receive payment. Bills are recognised as off-balance-sheet transactions and disclosed as contingent liabilities and obligations.

2.31 Segment information

A segment is a distinguishable component of Rabobank that engages in providing products or services and is subject to risks and returns that are different from those of other segments. A segment in which most of the revenue is generated by sales to external clients, and the revenue, profit or assets account for 10% or more of all segments in aggregate is reported separately. Rabobank's primary segment reporting format is by business segment; the secondary format is by geographical segment.

2.32 Cash flow statement

Cash and cash equivalents comprises cash resources, money market deposits and deposits at central banks. The cash flow statement is prepared in accordance with the indirect method of calculation and provides details of the source of the cash and cash equivalents that became available during the year as well as their application during the year. Operating profit before taxation in the net cash flow from operating activities is adjusted for items in the profit and loss account and movements in balance sheet items which do not actually generate cash flows during the year.

The cash flows from operating, investing and financing activities are stated separately. Movements in loans and receivables and interbank deposits are accounted for under cash flows from operating activities. Investing activities relate to acquisitions and disposals and repayments on financial investments, as well as the acquisition and disposal of subsidiaries and property and equipment. The proceeds from the issue of and payments on Member Certificates and subordinated loans qualify as financing activities. Movements on account of currency translation differences are eliminated, as are the consolidation effects of acquisitions of associates.

3 Solvency

The new 'Basel II' capital accord became effective for Rabobank Group as from 1 January 2008, meaning that the Tier I and BIS ratios are calculated on the basis of said accord.

The main capital ratio requirements set by De Nederlandsche Bank (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 a bank's qualifying capital (Tier I and Tier II) and core capital (Tier I) with the total risk-weighted assets and off-balance-sheet items and with the market risk exposure of the trading portfolios. The minimum requirements for qualifying capital and core capital as a percentage of risk-weighted assets are 8% and 4% respectively.

The table below shows the capital available to Rabobank and the minimum capital required by the regulatory authorities.

With the market risk approach, the general market risk is hedged, as well as the risk of open positions in foreign currencies, debt and own equity instruments. Assets are weighted according to broad categories of notional risk, the weightings reflecting the deemed capital required to back the assets. Four risk weightings are used: 0%, 20%, 50% and 100%. For example, cash and money market instruments are assigned a weighting of 0%, which means that no capital is required to back the holding of these assets. Items of property and equipment are assigned a weighting of 100%, which means that capital equal to 8% of their carrying amount has to be held to back them.

Off-balance-sheet liabilities relating to loans, forward contracts, forwards and options based on derivative financial instruments have various categories of conversion factors applied to them in order to disclose these items at their balance sheet equivalents. These equivalent amounts are then also assigned risk weightings.

Rabobank's ratios

In millions of euros	2008	2007
Tier I and qualifying capital can be broken down as follows:		
Retained earnings (note 29)	21,304	19,157
Rabobank Member Certificates (note 30)	6,236	6,233
Trust Preferred Securities III to VI (note 31)	1,697	1,789
Trust Preferred Securities II (note 27)	1,257	1,189
Capital Securities (note 31)	1,813	990
	32,307	29,358
Part of minority interest treated as qualifying capital	1,461	1,703
Deductions	(3,410)	(2,543)
Tier I capital	30,358	28,518
Part of reserves treated as qualifying capital	178	970
Deductions	(501)	(1,329)
Part of subordinated debt treated as qualifying capital	877	1,031
Qualifying capital	30,912	29,190
Risk-weighted assets	238,080	266,573
Ratios		
Core capital (tier I-ratio)	12.7%	10.7%
Qualifying capital (BIS-ratio)	13.0%	10.9%

The 2007 ratios are based on the Basel I capital accord.

4 Risk exposure of financial instruments

4.1 Risk governance

Rabobank Group manages risks at various levels. At the highest level, the Executive Board determines the risk strategy it will pursue, the policy framework as well as the limits, under the supervision of the Supervisory Board and on the recommendation of the Balance Sheet and Risk Management Committee Rabobank Group and the Credit Management Committee Rabobank Group. The Supervisory Board regularly assesses the risks attached to the activities and portfolio of the Rabobank Group. The Chief Financial Officer, who is also a member of the Executive Board, is responsible for the implementation of the risk management policy within the Rabobank Group. Responsibility for the risk policy within Rabobank Group is spread across two directorates. Group Risk Management is in charge of the policies for interest, market, liquidity, currency and operational risks as well as for the policy for credit risks at portfolio level. Credit Risk Management is responsible for the credit risk acceptance policy at item level. Furthermore, risk management is practiced within the business units as well, where independent risk control departments manage the risks relevant for those units.

4.2 Strategy for the use of financial instruments

Rabobank's activities are inherently related to the use of financial instruments, including derivative financial instruments. Rabobank accepts deposits from clients at fixed and variable rates of interest for a variety of terms and aims to earn above average interest margins on these deposits by investing them in high-quality assets. Rabobank also aims to increase these margins by consolidating short funds and loans for longer terms at higher interest rates, at the same time keeping sufficient liquid resources to meet all payments that might become due.

A further objective of Rabobank is to increase its interest rate margins by obtaining above-average margins, after deduction of provisions, and by granting loans to commercial and retail borrowers with various credit ratings. These risks apply not only to loans recognised in the balance sheet; Rabobank also gives guarantees such as letters of credit and performance and other guarantee documents.

Rabobank also trades in financial instruments when it takes positions in tradable and unlisted instruments (OTCs), including derivative financial instruments, in order to profit from short-term movements on the share and bond markets and in exchange rates, interest rates and commodity prices.

4.3 Interest rate risk

On account of its activities Rabobank is exposed to interest rate risk in its core business. Interest rate risk in a financial market environment is part of market risk. Interest rate risk is the risk that the bank's financial result and/or economic value may decline due to unfavourable developments in the money and capital markets. This risk may arise due to an interest rate mismatch between assets and liabilities (mismatch risk), due to interest-related options embedded in products that could affect cash flows (option risk), due to possible changes in the yield curve (yield curve risk) and due to changes in the relationship between various yield curves (basis risk). Any interest rate risk run by customers due to the fact that their payment obligations increase as a result of higher interest rates does not affect Rabobank's interest rate risk position. Any resulting negative effects qualify as credit risk.

Accepting a certain level of interest rate risk is inherent in the business of banking and can be a major source of results and value creation. Each year, the Executive Board, under the supervision of the Supervisory Board, determines the risk appetite and corresponding limits. Reports on the current interest rate risk position are submitted to the respective risk management committees on a monthly basis. The various treasury departments within the group entities are responsible for the daily monitoring activities. Furthermore, reports are provided to the supervisory authority, the Dutch Central Bank, each quarter.

Interest rate risk is not only measured on the basis contract terms; the bank's internal interest rate risk model also takes client behaviour into consideration. For instance, premature mortgage repayments are taken into account and balance sheet items without a term stipulated by contract, such as savings and current account balances, are modelled based on what is known as the replicating portfolio method. Portfolios of money market and capital market instruments are selected that most replicate the behaviour of these items.

Gap analyses, duration determination and simulation are used to determine the interest rate risk. Both the income-at-risk and equity-at-risk are subject to restrictions. Another major risk indicator is the basis point value. The basis point value (BPV) is the absolute loss in market value of equity that arises in

the event of a parallel increase of the entire interest rate curve by 1 basis point. During the year under review, the BPV never exceeded 25. The IFRS equity deviates from the market value of equity used for the purpose of analysing the impact of interest rate changes on the market value of equity. Since a substantial number of balance sheet items is not subject to value changes in terms of IFRS as a consequence of interest rate changes, any effects will be restricted mostly to effects on the interest rate result (see below).

4.3.1 Income at risk

The table below sets out the basis point sensitivity of the interest rate result (interest income less interest expense, before tax) for the next two years based on a level balance sheet structure and no management intervention. The impacts in the first and second year are listed separately and are based on the assumption that the interest rate will show an even and parallel increase/decline by 200 basis points during the first 12 months and remain at the same level in months 13 through 24. The simulation of the possible interest income is based on an interest rate risk model developed in-house, whereby certain assumptions are made in respect of interest rate sensitivity of products whose interest rates are not directly linked to a certain money or capital market rate, such as savings of private customers. A smaller increase or decrease will have a proportionally similar effect. Said impact on interest income is reflected in IFRS equity through profit and loss and is very small.

Income at risk

In millions of euros	31 Dec 2008		31 Dec 2007	
	200 bp increase	200 bp decline	200 bp increase	200 bp decline
1-12 months	35	(54)	(26)	22
13-24 months	(87)	36	(46)	78

4.3.2 Equity at risk

The table below shows the sensitivity of the economic value of equity to interest rate changes, with the economic value of equity being defined as the present value of the assets less the present value of the liabilities plus the present value of the position held in derivative financial instruments, based on the assumption that the yield curve increases and declines by 200 basis points at once. The percentages in the table represent the deviation from the current present value of equity.

Equity at risk

In %	31 Dec 2008		31 Dec 2007	
	200 bp increase	200 bp decline	200 bp increase	200 bp decline
Economic value of equity	-11%	+11%	-12%	+14%

The aforementioned methods are supported by various scenario analyses. The results of these scenario analyses are important for integral interest rate risk management purposes and are included in reports to senior management.

4.4 Credit risk

Credit risk is the risk that a counterparty is unable to meet a financial or other contractual obligation vis-à-vis the bank. Credit risk is inherent to granting loans. Positions in tradable assets such as bonds and shares are also subject to credit risk. Please refer to paragraph 4.10 for the implications of the financial crisis for the credit risk.

Rabobank restricts its credit risk exposure by setting limits for loans to an individual counterparty, or a group of counterparties, as well as for loans to countries. The four-eyes principle is a key factor when granting loans. A multi-level committee structure is in place to make decisions on major loan applications, with the competent committee being chosen based on the size of the loan. Decisions on the largest loans are made directly by the executive board.

The credit risk exposure relating to each individual borrower is further restricted by the use of sub-limits to hedge amounts at risk, not all of which are disclosed in the balance sheet, and the use of daily delivery risk limits for trading items such as forward currency contracts. Most actual risks are assessed daily against the limits.

Once a loan has been granted, it is continually subject to credit management as part of which new information – financial and other – is reviewed. Credit limits are adjusted where necessary. Rabobank obtains collateral or guarantees for the majority of the loans.

The new 'Basel II' capital accord has become effective for Rabobank Group as from 1 January 2008. The Dutch Central Bank has granted Rabobank Group permission to determine the Basel II equity requirements in accordance with the most advanced methods, i.e. the Advanced Internal Ratings Based approach. For this purpose, Rabobank Group has developed its own risk models over the past few years.

4.4.1 Maximum credit risk

The table below sets out the maximum credit risk to which Rabobank is subject at the balance sheet date in respect of the various categories, without taking into account any collateral or other measures for restricting credit risk.

In some cases the amounts below deviate from the carrying amounts, since the outstanding equity instruments are not included in the maximum credit risk. The amounts are based on fair value and represent the current credit risk and could deviate from the maximum credit risk in the future as a result of changes in parameters.

Maximum gross credit risk

In millions of euros	2008	2007
Cash and cash equivalents	7,105	2,129
Due from other banks	33,776	43,218
Trading financial assets	9,386	22,006
Other financial assets at fair value through profit and loss	7,021	11,437
Derivative financial instruments	66,759	26,089
Loans to customers	426,283	372,968
Available-for-sale financial assets	30,671	49,076
Held-to-maturity financial assets	497	859
Other assets (incl. current tax assets)	10,853	11,578
Total	592,351	539,360
Credit related and contingent liabilities	42,651	47,738
Total	635,002	587,098

4.4.2 Loans

Apart from due from other banks (34 billion, or 6% of total assets), Rabobank's only significant risk concentration is in the private sector lending; these loans to private customers account for 47% of all loans to customers. These loans have a very low risk profile as evidenced by the actual losses incurred in previous years. The proportion of the total loan portfolio attributable to the food & agri sector was 17% in 2008. The proportion of the total loan portfolio attributable to trade, industry and services was 36% at year-end 2008. Loans to trade, industry and services and loans to the food & agri sector are both spread over a wide range of industries in many different countries. None of these shares represents more than 10% of the total client loan portfolio.

In millions of euros	2008		2007	
Total loans to customers	426,283		372,968	
Of which : to government clients	8,848		5,095	
... securities transactions due from private sector lending	3,812		14,422	
... interest rate hedges (hedge accounting)	5,003		(2,522)	
Private sector lending	408,620		355,973	
This can be broken down geographically as follows:				
The Netherlands	298,172	73%	269,964	76%
Other countries in the EU zone	43,228	11%	31,122	9%
North America	40,415	10%	30,207	9%
Latin America	7,372	2%	6,604	2%
Asia	5,803	1%	4,872	1%
Australia	12,830	3%	12,370	3%
Other countries	800	0%	834	0%
Total	408,620	100%	355,973	100%

Risk spread in the loan portfolio can be broken down

by business segment as follows:

Private individuals	193,958	47%	180,146	50%
Trade, industry and services	146,336	36%	116,423	33%
Food & agri	68,326	17%	59,404	17%
Total	408,620	100%	355,973	100%

4.4.3 Derivative financial instruments

Rabobank sets strict limits for open positions, in amounts as well as in terms. If ISDA (International Swaps and Derivatives Association) standards apply or a master agreement including equivalent terms has been concluded with the counterparty and if the jurisdiction of the counterparty permits setting off, the net open position is monitored. The amount exposed to credit risk is limited in each case to the fair value of the transactions plus an uplift for potential future risks. This credit risk is managed as part of the general lending limits for clients. Substantial amounts of security or other guarantees are given for Rabobank's credit risk exposures in relation to these transactions.

The credit risk exposure represents the current fair value of all open derivative contracts showing a positive market value, taking into account master netting agreements enforceable by law.

4.4.4 Credit risk management methods

Rabobank's credit risk exposure is restricted in part by obtaining collateral where necessary.

The amount and nature of the collateral required depends partly on the assessment of the credit risk of the loan to the counterparty. Rabobank follows guidelines for the purpose of accepting and valuing different types of collateral. The major types of collateral are:

- Residential mortgage collateral, mainly for the retail portfolio;
- Mortgage collateral on property, inventories and receivables, mainly for business loans;
- Cash and securities, mainly for securities lending activities and reverse repurchase transactions.

The bank also uses credit derivative financial instruments to manage credit risks. Management monitors the market value of collateral obtained and requests additional collateral, if necessary.

Rabobank further limits its exposure to credit risk by entering into master netting arrangements with counterparties for a significant volume of transactions. In general, master netting arrangements do not lead to the setting off of assets and liabilities included in the balance sheet as transactions are usually settled gross. The credit risk relating to favourable contracts is limited by master netting arrangements, however, to the extent that, if an event or cancellation occurs, all amounts involving the counterparty are frozen and settled net. Taking netting arrangements into account, the total fair value of the derivative contracts portfolio is a positive amount of 22,350 (2007: 9,052).

The total credit risk exposure of Rabobank from derivative financial instruments to which netting arrangements apply is highly sensitive to the closing of new transactions, lapsing of existing transactions and fluctuations in market interest and exchange rates.

4.4.5 Off balance sheet financial instruments

The guarantees and stand-by letters of credit which Rabobank provides to third parties in the event a client cannot fulfil its obligations vis-à-vis these third parties, are exposed to credit risk. Documentary and commercial letters of credit and written undertakings by Rabobank on behalf of clients authorise third parties to draw bills against Rabobank up to a preset amount subject to specific conditions. These transactions are backed by the delivery of the underlying goods to which they relate. Accordingly, the risk exposure of such an instrument is less than that of a direct loan.

Obligations to grant loans at specific rates of interest during a fixed period of time are recognised under credit granting liabilities and accounted for as such unless these commitments do not extend beyond the period expected to be needed to perform appropriate underwriting, in which case they are considered to be transactions conforming to standard market conventions. Rabobank is exposed to credit risk when it promises to grant lending facilities. The size of such losses is less than the total of the unused commitments, as most promises to grant credit facilities are made subject to the clients meeting certain conditions that apply to loans. Rabobank monitors the term to expiry of credit promises, as long-term commitments are generally associated with a higher risk than short-term commitments.

4.4.6 Credit quality of financial assets

In its financing approval process, Rabobank Group uses the Rabobank Risk Rating, which reflects the counterparty's probability of default (PD) over a one-year period. The table below sets out the credit quality (after deduction of the provision for doubtful debts) of the loan-related balance sheet items.

Credit quality of financial assets

In millions of euros	(Virtually) no risk	Adequate to good	Vulnerable	Impaired	Total
At 31 December 2008					
Due from other banks	30,857	2,885	22	12	33,776
Loans to customers					
Loans to government clients	7,810	1,034	-	4	8,848
Loans to private clients:					
- overdrafts	2,313	12,092	210	109	14,724
- mortgages	60,596	212,413	2,527	463	275,999
- leases	1,781	15,936	1,316	400	19,433
- receivables relating to securities transactions	1,180	2,631	-	-	3,811
- other	28,972	69,344	2,309	2,843	103,468
Total	133,509	316,335	6,384	3,831	460,059
At 31 December 2007					
Due from other banks	40,363	2,840	5	10	43,218
Loans to customers					
Loans to government clients	4,583	502	5	5	5,095
Loans to private clients:					
- overdrafts	1,549	7,832	525	17	9,923
- mortgages	51,515	189,191	2,429	349	243,484
- leases	1,353	14,244	1,205	294	17,096
- receivables relating to securities transactions	9,606	4,816	-	-	14,422
- other	17,617	61,687	2,531	1,113	82,948
Total	126,586	281,112	6,700	1,788	416,186

In view of its relationship-driven banking approach, Rabobank will try to avoid payment default on the part of the customer through proper credit risk management, periodic consultations with its customers and timely measures. If a customer defaults despite these efforts, Rabobank will attempt to restructure the loan as opposed to recovering the collateral provided that it sees scope for continuity. Consequently, the payment agreements may be extended, new loan conditions agreed or additional cover secured. Once there is renewed scope of continuity the loan will no longer be recognised as impaired. Management continuously reviews the renegotiated loans to ascertain that all criteria were met and the future cash flows will materialise as planned.

The table below gives an age analysis of financial assets expired (overdue) but unimpaired.

Age analysis

In millions of euros	< 30 days	30 to 60 days	61 to 90 days	> 90 days	Total
At 31 December 2008					
Due from other banks	22	-	-	-	22
Loans to customers					
Loans to government clients	-	-	-	-	-
Loans to private clients:					
- overdrafts	148	39	23	-	210
- mortgages	1,443	650	275	159	2,527
- leases	936	220	160	-	1,316
- receivables relating to securities transactions	-	-	-	-	-
- other	1,210	554	341	204	2,309
Total	3,759	1,463	799	363	6,384
At 31 December 2007					
Due from other banks	5	-	-	-	5
Loans to customers					
Loans to government clients	-	5	-	-	5
Loans to private clients:					
- overdrafts	451	37	37	-	525
- mortgages	1,814	349	163	103	2,429
- leases	896	183	124	2	1,205
- receivables relating to securities transactions	-	-	-	-	-
- other	1,792	303	146	290	2,531
Total	4,958	877	470	395	6,700

The fair value of the security received by the bank for assets expired but unimpaired is 4,307 (2007: 4,315).

4.5 Currency risk

Rabobank is exposed to exchange rate fluctuations impacting the financial position and cash flows. Just as with other market risks, the currency risk exposure of the trading books is managed using value-at-risk (VaR) limits set by the Executive Board. This risk is monitored on a daily basis. The policy aims to prevent open positions whenever possible. The non-trading books are only exposed to the translation risk on capital invested in foreign activities and on issues of hybrid equity instruments not denominated in euros. To monitor and manage translation risk, Rabobank follows a policy of protecting equity against exchange rate fluctuations.

4.6 Liquidity risk

Rabobank is exposed to liquidity risk, i.e. the risk that the bank is unable to meet all of its (re)payment obligations, as well as the risk that the bank is unable to fund increases in assets at reasonable prices or unable at all. This could happen if, for instance, clients or professional counterparties suddenly withdraw more funds than expected, which cannot be met by the bank's cash resources or by selling or pledging assets or by borrowing funds from third parties.

For a long time now, Rabobank has recognised liquidity risk as a major risk type. Rabobank's policy therefore is to match the term of funding with the term of loans granted. Long-term loans must be financed through stable retail funding, funds entrusted by customers or long-term funding by professional markets. The three pillars Rabobank Group applies to control this risk have proven beneficial in 2008. The first pillar strictly limits the maximum cash outflows within wholesale banking. Among other things, the expected cash outflows for the next thirty days are measured and reported on a daily basis. Limits were set for these cash outflows for all currencies and locations. Detailed contingency plans with procedures were drawn up to face a possible crisis situation.

Through the second pillar, an ample buffer of tradable securities is maintained. Where necessary these assets can be allocated for pledging to central banks, for use in repo transactions or direct selling in the

market to immediately generate liquidity. In 2008, various central banks eased the criteria for the collateral they accept. Over the past few years, the Rabobank Group has (internally) securitised a portion of its loan portfolio. As a result, it can be pledged to the central bank, thus serving as an additional liquidity buffer. Since these securitisations are internal and for liquidity purposes only, they are not reflected in the balance sheet for financial reporting purposes, although they do add to the available liquidity buffer.

The third pillar entails the restriction of liquidity risk through a prudent funding policy aimed at meeting the financing requirements of the group units at acceptable cost. Diversification of sources of funding and currencies, flexibility of the funding instruments applied and a hands-on investor relations approach are key factors. This prevents Rabobank from being overly dependent on a single source of funding.

Thanks in part to these three pillars the financial market turmoil has at no point led to any problems for the Rabobank Group.

Furthermore, scenario analyses are performed each month to simulate the possible consequences of a wide range of stress scenarios, distinguishing between scenarios specific for the market and scenarios specific for Rabobank. Monthly reports on the liquidity position of the Group as a whole are submitted to the Dutch Central Bank. These reports are prepared in accordance with the guidelines drawn up by this supervisory authority.

The table below shows Rabobank's non-discounted liabilities grouped by the liquidity period remaining between the balance sheet date and the earliest reasonable contract repayment date. The total amounts do not correspond exactly with the amounts in the consolidated balance sheet, since this table is entirely based on non-discounted cash flows, related to both principal and future interest payments.

The item 'derivative financial instruments and other trade liabilities' mostly comprises liabilities in the trading portfolio. The balance sheet item 'derivative financial instruments and other trade liabilities' has not been analysed on the basis of the contract repayment date since liabilities in the trading portfolio are typically held short-term. The assets or liabilities underlying of the trading and hedging derivative financial instruments may be long-term.

Contract repayment date

In millions of euros	On demand	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	No repayment date	Total
At 31 December 2008							
Liabilities							
Due to other banks	8,138	11,098	1,833	2,078	1,094	17	24,258
Due to customers	193,657	48,539	41,403	9,200	15,187	1,221	309,207
Debt securities in issue	2,892	47,444	24,871	46,994	26,636	-	148,837
Other debts (including current tax liabilities)	2,723	5,048	583	403	114	-	8,871
Other financial liabilities at fair value through profit and loss	9	341	3,768	7,443	18,760	23	30,344
Subordinated debt	-	7	2	1,319	1,119	2	2,449
Total financial liabilities	207,419	112,477	72,460	67,437	62,910	1,263	523,966
At 31 December 2007							
Liabilities							
Due to other banks	9,775	24,194	6,898	5,000	1,048	25	46,940
Due to customers	157,075	78,121	16,857	9,459	18,636	532	280,680
Debt securities in issue	3,139	53,668	13,590	53,203	29,019	-	152,619
Other debts (including current tax liabilities)	2,709	6,678	1,040	241	53	-	10,721
Other financial liabilities at fair value through profit and loss	-	635	2,409	9,438	21,777	-	34,259
Subordinated debt	-	1	66	48	2,549	3	2,667
Total financial liabilities	172,698	163,297	40,860	77,389	73,082	560	527,886

The table below shows Rabobank's assets and liabilities grouped by the period remaining between the balance sheet date and the contract repayment date. These amounts correspond with the balance sheet.

Contract repayment date

In millions of euros	Less than 1 year	More than 1 year	Total
At 31 December 2008			
Cash and cash equivalents	6,340	765	7,105
Due from other banks	27,659	6,117	33,776
Trading financial assets	1,965	9,611	11,576
Other financial assets at fair value through profit and loss	2,358	5,538	7,896
Derivative financial instruments	14,831	51,928	66,759
Loans to customers	70,783	355,500	426,283
Available-for-sale financial assets	4,985	26,680	31,665
Held-to-maturity financial assets	185	312	497
Other assets (incl. current tax assets)	5,316	5,537	10,853
Total financial assets	134,422	461,988	596,410

Contract repayment date

In millions of euros	Less than 1 year	More than 1 year	Total
At 31 December 2008			
Due to other banks	21,064	2,827	23,891
Due to customers	281,108	23,106	304,214
Debt securities in issue	72,055	63,724	135,779
Derivative financial instruments and other trade liabilities	24,009	53,221	77,230
Other debts (incl. current tax liabilities)	8,354	517	8,871
Other financial liabilities at fair value through profit and loss	4,016	20,781	24,797
Subordinated debt	7	2,152	2,159
Total financial liabilities	410,613	166,328	576,941
Net liquidity surplus/(deficit)	(276,191)	295,660	19,469
At 31 December 2007			
Total financial assets	160,975	393,533	554,508
Total financial liabilities	378,886	157,282	536,168
Net liquidity surplus/(deficit)	(217,911)	236,251	18,340

The above breakdown was compiled on the basis of contract information, without taking into account actual movements in balance sheet items. This is taken into account, however, for the day-to-day management of the liquidity risk. Customer savings are an example. By contract, they are payable on demand. However, experience has shown that this is a very stable source of financing at the long-term disposal of the bank. The regulations of the supervisory authority are also factored in. Based on the liquidity criteria of the Dutch Central Bank, Rabobank had a substantial liquidity surplus at 31 December 2008 and throughout 2008.

The liquidity requirements to meet payments under guarantees and stand-by letters of credit are considerably lower than the size of the liabilities, as Rabobank does not generally expect that third parties to such arrangements will draw funds. The total open position relating to contractual obligations to provide credit does not necessarily represent Rabobank's future cash resource needs, as many of these obligations will lapse or terminate without financing being required.

4.7 Market risk

Rabobank is exposed to market risk. A market risk arises on open positions in relation to interest rates, currency credit spreads and share-based products, all of which are affected by general and specific market movements. Rabobank employs a value-at-risk (VaR) method to estimate the market risk of positions it holds and the maximum expected losses. The method requires a number of assumptions to be made for various changes in market conditions. In order to estimate the risk under 'abnormal' market conditions as well, the effect of certain extreme events ('event risk') on the value of the portfolios is measured.

Each year, the Executive Board determines the risk appetite and corresponding VaR and event risk limits. These limits are converted into limits at book level and are monitored daily by the market risk management department. The risk position is reported to senior management on a daily basis and discussed in the various risks management committees each month. In addition to the VaR limits, a very extensive system of trading controls per book is in place. These controls include rotation risk, delta limits per bucket, nominal limits and the maximum number of contracts, thus limiting risks that may offset each other in the VaR system.

The internal VaR model forms an integral part of Rabobank's risk management framework; it has also been approved by the Dutch Central Bank and is also applied to determine the solvency requirement for market risk. Rabobank has opted to apply a VaR based on historical simulation for which one year's worth of historic data is used. The VaR is calculated over time horizons of both one day and ten days. For internal risk management purposes, Rabobank has opted for a confidence level of 97.5%. Furthermore, the VaR with a confidence level of 99% is also calculated on a daily basis.

The major benefit of a VaR model based on historical simulation is that no assumptions need to be made in terms of distribution of possible value changes of the various financial instruments. A drawback is that a certain period of historic market movements needs to be selected, which may affect the level of the calculated VaR. Further to the requirements of the supervisory authority and after internal research, Rabobank has opted for a historical period of one year.

The actual results are regularly assessed through back testing in order to determine the validity of the assumptions and parameters/factors applied when calculating the VaR.

In addition to the VaR model, Rabobank employs a stress testing programme, which measures the effect of extreme yet plausible events not taken into account in the regular VaR model. Not only hypothetical scenarios but also actual scenarios are extrapolated for this purpose, such as the stock market crash of 1987 and the credit market turbulence of 1998. Complementing the VaR model with the stress test results enables Rabobank to obtain a more accurate perspective on risk positions. All results generated by the stress testing programme were within the relevant limits.

The table below shows the composition of the VaR, divided into several components. A diversification benefit is obtained due to the fact that opposite positions in different books partially offset each other. Paragraph 4.3 'Interest rate risk' provides analyses of the interest rate risk within the core business. Compared to the previous year, the average VaR increased by more than 50% during the year, mainly owing to extreme volatility of the financial markets. By reducing positions, the VaR increase was less steep than could be assumed based on the market development.

VaR (1 day, 97.5%)

In millions of euros	Interest rate	Credit	Foreign currency	Shares	Diversification	Total
2008 – 31 December	28	34	1	2	(20)	45
2008 – average	31	35	-	4	NA	39
2008 – highest	49	44	1	11	NA	58
2008 – lowest	15	28	-	1	NA	31
2007 – 31 December	16	28	-	5	(18)	31
2007 – average	12	23	-	5	NA	26
2007 – highest	17	29	1	10	NA	32
2007 – lowest	7	18	-	2	NA	20

4.8 Operational risk

Operational risk is a risk category to which every single organisation is exposed. Over the past few years it has become increasingly clear that operational risks can result in severe losses, as shown by the Société Générale case and the Madoff case in 2008.

Rabobank Group has opted to steer its operational risk management at group level from Group Risk Management. This section determines the policy as well as the frameworks for all entities within the group. Senior management of the individual group units is responsible for managing the specific operational risks, since the risks vary considerably per unit and need to be controlled as close to the source as possible. Group Risk Management subsequently ensures that the frameworks are observed and that the risks and risk control measures are transparent throughout the organisation.

In terms of the solvency requirement for operational risks, Rabobank applies a model that meets the demands of the Advanced Measurement Approach, which has been approved by the Dutch Central Bank.

This model takes into account realised losses and the possible consequences of certain scenarios. Rabobank Group adopts a conservative approach. Another factor taken into account when calculating the solvency requirement is the quality of risk control.

4.9 Fair value of financial assets and liabilities

The next table shows the fair values of financial instruments based on the stated valuation methods and assumptions. This table is included because not all financial instruments are disclosed at fair value in the financial statements. The fair value is the amount for which an asset could be exchanged or a liability settled between two knowledgeable and willing parties in an arm's length transaction.

Rabobank uses the market price as fair value if an active market exists (such as a stock market), as this is the best measure of the fair value of a financial instrument.

Market prices are not available for a large number of the financial assets and liabilities that Rabobank holds or issues. Hence, for financial instruments for which no market prices are available, the fair values shown in the table below have been estimated using the present value or the results of other estimation and valuation methods, based on the market conditions at the balance sheet date. The values produced using these methods are highly sensitive to the underlying assumptions used for the amounts as well as for the timing of future cash flows, discount rates and possible market illiquidity. The following methods and assumptions have been used.

Cash and cash equivalents. The fair value of cash and cash equivalents is assumed to be almost equal to their carrying amount. This assumption is also used for highly liquid investments and the current component of all other financial assets and liabilities.

Due from other banks. Due from other banks comprise interbank placings and items to be collected. The fair values of floating rate placings and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated using appropriate money market interest rates for debts with comparable credit risks and terms to maturity.

Financial assets and derivative financial instruments held for trading. Financial assets and derivative financial instruments held for trading are carried at fair value based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from appropriate discounted cash-flow models and option valuation models.

Other financial assets at fair value through profit and loss. These financial assets are carried at fair value based on quoted prices in active markets if available. If not, they are estimated from comparable assets on the market, or using valuation methods, including appropriate discounted cash-flow models and option valuation models.

Loans to customers. The fair value of issued loans is estimated from the present value of the cash flows, using current market rates for similar loans. For variable-interest loans that are reviewed regularly and do not vary significantly in terms of credit risk, the fair value is based on the carrying amount until maturity.

Available-for-sale financial assets and held-to-maturity financial assets. Available-for-sale financial assets and held-to-maturity financial assets are carried at fair value based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from discounted cash-flow models and option valuation models.

Other financial assets. For almost all other financial assets, the carrying amount is a good approximation of the fair value.

Due to other banks. Due to other banks comprise interbank placings, items to be delivered and deposits. The fair values of floating rate placings and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated using ruling money market interest rates for debts with comparable credit risks and terms to maturity.

Trade liabilities. The fair value of trade liabilities is based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from valuation models.

Other financial liabilities at fair value through profit and loss. The fair value of these liabilities is based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from appropriate discounted cash-flow models and option valuation models.

Due to customers. Due to customers include current accounts and deposits. The fair value of savings and current accounts that have no specific termination date is assumed to be the amount payable on demand at the balance sheet date, i.e. their carrying amount at that date. The fair value of the deposits is estimated from the present value of the cash flows, based on current bid rates of interest for similar arrangements with terms to maturity that match the items to be measured. The carrying amount of variable-interest deposits is a good approximation of their fair value at the balance sheet date.

Debt and other instruments issued by Rabobank. The fair value of these instruments is calculated using quoted market prices. For notes for which no quoted market prices are available, a discounted cash flow model is used, based on a current yield curve appropriate for the term to maturity.

In millions of euros	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	7,105	7,105	2,129	2,129
Due from other banks	33,776	33,803	43,218	43,311
Trading financial assets	11,576	11,576	29,179	29,179
Other financial assets at fair value through				
profit and loss	7,896	7,896	18,133	18,133
Derivative financial assets	66,759	66,759	26,089	26,089
Loans to customers	426,283	426,787	372,968	370,189
Available-for-sale financial assets	31,665	31,665	50,355	50,355
Held-to-maturity financial assets	497	501	859	931
Total assets	585,557	586,092	542,930	540,316
Liabilities				
Due to other banks	23,891	22,644	46,332	46,246
Due to customers	304,214	304,647	276,610	276,923
Debt securities in issue	135,779	135,328	141,812	142,018
Derivatives and other trade liabilities	77,230	77,230	31,097	31,097
Other financial liabilities at fair value through				
profit and loss	24,797	24,797	27,303	27,303
Subordinated debt	2,159	2,165	2,294	2,297
Total liabilities	568,070	566,811	525,448	525,884

The above-stated figures represent the best possible estimates by management, based on a range of methods and assumptions.

If a quoted market price is available, this is the best estimate of fair value. If no quoted market prices are available for fixed-term securities, equity instruments, derivative financial instruments and commodity instruments, Rabobank bases the fair value on the present value of the future cash flows, discounted at market rates corresponding to the credit ratings and terms to maturity of the investments. Also, a model-based price can be used to determine an appropriate fair value.

Rabobank's policy is to have all models used for valuing financial instruments validated by expert staff who are independent of the staff who determine the fair values of the financial instruments.

In determining market values or fair values, various factors have to be considered, such as the time value of money, volatility, underlying options, warrants and derivative financial instruments. Other factors are liquidity and the creditworthiness of the counterparty. The valuation process has been designed such that market prices that are available on a periodic basis are systematically used. This systematic valuation process has proved its worth during the credit market crisis of the second half of 2007. Modifications to assumptions might affect the fair value of held-for-sale and available-for-sale financial assets and liabilities.

The next table summarises the valuation methods used in determining the fair value of financial assets and liabilities except current financial instruments and receivables and payables arising in the normal course of business. Due to the relatively short time between their initial recognition and expected realisation, the carrying amounts of these items are a good approximation of their fair values. The breakdown is as follows:

- Category 1: Quoted market prices in an active market
- Category 2: Valuation methods based on assumptions fully supported by demonstrable market prices or rates in an active market
- Category 3: Valuation methods based on assumptions not or only partly supported by demonstrable market prices or rates in an active market

In millions of euros	Category 1	Category 2	Category 3	Total
At 31 December 2008				
Assets				
Trading financial assets	10,670	861	45	11,576
Other financial assets at fair value through profit and loss	6,654	869	373	7,896
Derivative financial assets	18,677	47,684	398	66,759
Available-for-sale financial assets	30,413	1,239	13	31,665
Liabilities				
Derivatives and other trade liabilities	15,448	61,782	-	77,230
Other financial liabilities at fair value through profit and loss	23,084	1,713	-	24,797
At 31 December 2007				
Assets				
Trading financial assets	24,358	4,821	-	29,179
Other financial assets at fair value through profit and loss	17,476	608	49	18,133
Derivative financial assets	2,093	23,996	-	26,089
Available-for-sale financial assets	37,997	12,333	25	50,355
Liabilities				
Derivatives and other trade liabilities	5,193	25,994	-	31,097
Other financial liabilities at fair value through profit and loss	2,493	24,810	-	27,303

If other reasonable assumptions are used for the valuation of financial instruments in accordance with the valuation method based on assumptions that are not substantiated by demonstrable market prices or rates, the potential effect is 174 (2007: 64). The unrealised amount of these financial instruments taken to the profit and loss account is 226.

The table below shows the movement in deferred profit of the financial instruments which were initially recognised at a value determined using a valuation technique based on data input not substantiated by market prices.

Provision Day 1 profit

In millions of euros	2008	2007
Opening balance	223	142
Amortisation	(42)	(36)
Movements	(85)	117
Closing balance	96	223

4.10 Implications of the financial crisis

The credit market crisis continued relentlessly in the first half of 2008, only to become even more severe in the second half of the year, affecting virtually all sectors of the financial markets as well as the broader economy. 2008 was the worst year in the history of the AEX and there are major concerns about the prospects for the global economy. Governments around the world intervened in the financial sector through nationalisations, capital injections and providing all sorts of guarantees. In addition to the effect on the real economy, the credit market crisis has also left its mark on the market prices of various financial assets. Even if there is no doubt about the creditworthiness of specific assets, prices are severely adversely affected by the general market sentiment and the fact that many markets are often still characterised by the sellers outnumbering the buyers. It has become obvious that there no longer is an active market for a portion of the financial assets at present, leading to an adjustment in accounting treatment. Since all financial assets must be recognised at fair value, the effect of the negative market sentiment is immediately expressed in the revaluation of these assets. The total negative revaluation of the portfolio of available-for-sale financial assets with debt instruments charged directly to equity in 2008 amounted to 407 after taxation.

Within Rabobank International, the Global Financial Markets activities showed mixed results; some incurred losses, while other activities can look back on a very successful year. Due in part to the persisting credit market crisis and corresponding expectations some changes were effected within Global Financial Markets in 2008, especially reducing the number of non-client related activities.

Asset-backed commercial paper conduits

During the first quarter of 2008, two Asset Backed Commercial Paper (ABCP) structures – collateralised investment vehicles – were phased out, due in part to the introduction of the new Basel II legislation to which Rabobank Group is subject as from 1 January 2008. Consequently, the outstanding ABCP decreased to 17.5 (2007: 23.0) billion at year-end 2008, largely for the financing of its own borrowings and amounts due to customers. These structures have been included in the consolidated balance sheet ever since the introduction of IFRS and are also taken into account in the bank's liquidity risk management. The Commercial Paper Funding Facility – introduced by the US Federal Reserve to support the commercial paper market – was used to a limited extent in the fourth quarter.

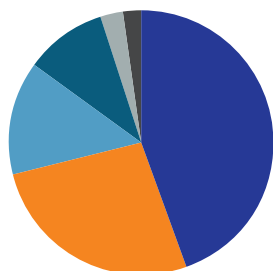
Type	Programme	Launched	Amount outstanding (in EUR billion)	Underlying portfolio
			31-Dec-08	
Solvency management	Atlantis	1997	9.8	Own originated loans
	Neptune	1997	1.1	
Client facilitation	Erasmus	2000	2.5	Predominantly customer loans and receivables AAA and AA Asset Backed
	Nieuw Amsterdam	1999	2.7	
Securities arbitrage	Tempo	2007	1.4	Securities
Total			17.5	

Due to the fact that external financing possibilities for Structured Investment Vehicles – i.e. off-balance sheet investment vehicles – dried up, the remaining assets of SIV Tango that Rabobank managed were recognised in the balance sheet in the first quarter of 2008. As a consequence, this SIV is no longer active. After its recognition, the size of this portfolio decreased to 3.8 billion at year-end 2008 owing to foreign currency effects and sales. Rabobank no longer has any other investments in SIVs.

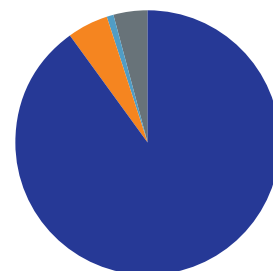
Structured credit exposure

Rabobank holds an ample portfolio of quickly realisable investments and/or investments eligible as collateral as an important liquidity risk management tool. These investments can be used to very quickly generate cash when necessary. Rabobank Group has a limited direct exposure to more structured investments. The size of this structured credit exposure is 9.4 billion, the bulk of which meets the highest standards and has an AAA rating. Since the US government took control of Freddie Mac and Fannie Mae in September these investments are no longer regarded as structured credit exposure.

Structured credit exposure at year-end 2008 in billions of euros	
Non-subprime RBMS	4.3
CDO/CLO and other corporate exposures	2.5
Commercial real estate	1.3
Other ABS	0.9
ABS CDO	0.3
US subprime	0.2



Structured credit exposure rating distribution at year-end 2008	
AAA	90%
AA	5%
A	1%
Below A	4%



The table below shows the classification of the structured credit exposures in the balance sheet.

Sector

In millions of euros at 31 December 2008	Available-for-sale financial assets	Loans	Trading financial assets and other financial assets at fair value	Total
ABS CDO	-	262	-	262
Other ABS	-	923	-	923
Commercial real estate	1	1,279	3	1,283
Non-subprime RMBS	71	4,196	11	4,278
CDO/CLO and other corporate exposures	745	1,703	51	2,499
US Subprime	24	128	6	158
Total	841	8,491	71	9,403

Structured credit exposures by rating category.

Sector

In millions of euros at 31 December 2008	Exposure	Rating category			
		AAA	AA	A	Lower than A
ABS CDO	262	52	186	-	24
Other ABS	923	923	-	-	-
Commercial real estate	1,283	1,173	23	2	85
Non-subprime RMBS	4,278	4,099	141	26	12
CDO/CLO and other corporate exposures	2,499	2,182	122	32	163
US Subprime	158	56	20	3	79
Total	9,403	8,485	492	63	363
		90%	5%	1%	4%

Structured credit exposure by region.

Sector

In millions of euros at 31 December 2008	Exposure	Western Europe	North America	Asia/Pacific	Africa/ Middle East
ABS CDO	262	190	60	-	12
Other ABS	923	42	863	18	-
Commercial real estate	1,283	1,200	72	11	-
Non-subprime RMBS	4,278	3,689	50	535	4
CDO/CLO and other corporate exposures	2,499	1,225	1,210	64	-
US Subprime	158	-	152	6	-
Total	9,403	6,346	2,407	634	16
		67%	26%	7%	0%

Due to the further deterioration of the US housing market a number of related investments were written down through profit and loss, including Residential Mortgage Backed Securities (RMBSs) and Collateralized Debt Obligations (CDOs). For the full year 2008 this concerns 418 after taxation. An additional provision of 152 after taxation was formed on account of liquidity facility partly covered by subprime-related assets.

Monoline insurers

In a number of cases, monoline insurers are the counterparties for credit default swaps hedging the credit risk of certain investments. In most cases, the principal reason these hedges are in place is for solvency purposes and not due to the credit quality of these investments. The further deterioration of the US mortgage market also depressed the creditworthiness of a number of these monoline insurers even more in 2008, which is reflected in lower ratings for these companies. A counterparty risk on account of these monoline insurers arises due to the fact that the value of credit default swaps with these counterparties increases because the fair value of the underlying investments drops or other insured investments may lead to a payment claim at these insurers. The next table provides details on this matter. A value adjustment of 245 after taxation was already made in the first half of 2008, followed

by an additional value adjustment of 148 in the second half of the year. Both adjustments were recognised through profit and loss. Furthermore, a generic provision of 260 after taxation was formed, bringing the remaining counterparty risk to 1,729 at year-end 2008.

In millions of euros	Monoline insurer rating	Principal 31-Dec-08	Counterparty risk before value adjustments 31-Dec-08	Value adjustments charged to profit (before taxes) 2008	Counterparty risk after value adjustments 31-Dec-08
US RMBS-related	AAA / AA				
	A and lower	2,051	1,322	357	965
Non-US RMBS-related	AAA / AA	3,003	778	1	777
	A and lower	2,651	633	246	387
	Total	7,705	2,733	604	2,129
	Generic value adjustments			400	(400)
	Total value adjustments			1,004	1,729
	After tax			653	

Based on the positions at year-end 2008 as shown in the table above, a further downgrade of the monoline insurers with a current A rating and lower to CCC would have an impact of 355 after taxation. If the monoline insurers with a CCC rating were to default this would have an impact of 64 after taxation. This potential impact is largely absorbed by the generic provision already in place. The exposures referred to above only become real exposures to monoline insurers if the investments actually default and the insurance issued by the monoline insurer must be claimed. Actual losses are only incurred if both the investment and the relevant monoline insurer default.

Leveraged finance

Rabobank International's leveraged finance portfolio amounted to 3.4 (2007: 3.2) billion at year-end 2008. This varied portfolio comprises a large number of smaller positions, especially in Dutch and other Western European companies. The Leveraged Finance activities focus primarily on Rabobank clients and the food & agri sector.

4.11 Trust activities

Rabobank provides fiduciary, trustee, corporate accounting and asset management services, as well as advisory services to third parties, as part of which it has to make decisions on the allocation, purchase and sale of a wide variety of financial instruments. Assets held in connection with fiduciary activities are not disclosed in these financial statements. For some of the arrangements, Rabobank has agreed to achieve yield targets for the assets under its management. With these services, Rabobank could be exposed to the risk of being held liable for inadequate management or performance.

5 Business segments

The business segments Rabobank uses in its reporting are defined from a management viewpoint. This means they are the segments that are reviewed as part of Rabobank's strategic management and for the purpose of making business decisions and have different risks and returns.

Rabobank distinguishes five major business segments: Domestic retail banking, Wholesale and international retail banking, Asset management and investment, Leasing, and Real estate.

The 'domestic retail banking' business segment covers mainly the core activities of the local Rabobanks, Bizner and Obvion. Wholesale banking services are focused on the food and agri business, Telecom, Media & Internet and Trade & Commodity Finance. Rabobank's international retail activities are developed in the regions Europe, North and Latin America, Australia and New Zealand, as well as Asia. In addition, clients are served via four Internet banks. Rabobank's asset management core activities are administered by Robeco Group, Bank Sarasin and Schretlen & Co, and its leasing activities are covered by De Lage Landen. The real estate division, under its new name Rabo Vastgoedgroep, includes FGH Bank, Rabo Vastgoed and parts of Bouwfonds.

The other business activities of Rabobank comprise a variety of segments, none of which requires separate reporting.

Inter-segment transactions are conducted in accordance with normal commercial terms and market conditions.

No other material income or expense items arise between business segments. The assets and liabilities of a segment comprise operating assets and operating liabilities, in other words, a substantial part of the balance sheet, but excluding items relating to tax.

The accounting policies used for segment reporting are the same as those described in the section on the main accounting policies used in preparing the consolidated financial statements.

In millions of euros	Domestic retail banking	Wholesale banking and international retail banking	Asset management and investment	Leasing	Real estate	Other*	Total
For the year ended 31 December 2008							
External income	10,351	(4,474)	1,796	1,742	1,102	1,135	11,652
Income from other segments	(3,950)	6,471	(178)	(727)	(675)	(941)	-
Total income	6,401	1,997	1,618	1,015	427	194	11,652
Segment expense	4,243	2,494	1,055	714	394	(100)	8,800
Operating profit before tax	2,158	(497)	563	301	33	294	2,852
Income tax expense	541	(524)	125	66	9	(119)	98
Net profit for the year	1,617	27	438	235	24	413	2,754
Business unit assets							
Business unit assets	309,699	419,413	21,449	30,168	25,895	(197,959)	608,665
Investments in associates	14	304	76	25	6	3,030	3,455
Total assets	309,713	419,717	21,525	30,193	25,901	(194,929)	612,120
Business unit liabilities							
Business unit liabilities	290,303	476,519	19,201	27,695	24,839	(259,896)	578,661
Total liabilities	290,303	476,519	19,201	27,695	24,839	(259,896)	578,661
Additions to property and equipment	165	100	32	1,062	53	193	1,605
Depreciation and amortisation including amortisation of software	141	84	102	31	43	124	525
Value adjustments	199	786	42	118	-	44	1,189
Value adjustments in loans to customers							
At 1 January	1,303	721	4	226	27	1	2,282
Additional impairment for credit losses	534	1,137	5	195	16	42	1,929
Reversal of impairment for credit losses	(323)	(387)	-	(55)	(15)	-	(780)
Defaulting loans written off during the year	(164)	(155)	(4)	(116)	(2)	-	(441)
Interest and other adjustments	48	99	-	(4)	(1)	(2)	140
Closing balance	1,398	1,415	5	246	25	41	3,130
Individual value adjustment (specific provision)	1,023	1,102	5	170	16	41	2,357
Collective value adjustment (collective provision)	117	127	-	23	-	-	267
General provision (IBNR)	258	186	-	53	9	-	506
	1,398	1,415	5	246	25	41	3,130

* Including elimination between segments for profit and loss account.

In millions of euros	Domestic retail banking	Wholesale banking and international retail banking	Asset management and investment	Leasing	Real estate	Other*	Total
For the year ended 31 December 2007							
External income	7,849	(1,882)	1,473	1,611	1,008	963	11,022
Income from other segments	(1,941)	3,871	6	(616)	(362)	(958)	-
Total income	5,908	1,989	1,479	995	646	5	11,022
Segment expense	3,980	1,731	992	694	437	95	7,929
Operating profit before tax	1,928	258	487	301	209	(90)	3,093
Income tax expense	495	(76)	125	67	55	(269)	397
Net profit for the year	1,433	334	362	234	154	179	2,696
Business unit assets	277,660	399,308	21,790	27,376	21,288	(181,489)	565,933
Investments in associates	15	607	34	17	59	3,826	4,558
Total assets	277,675	399,915	21,824	27,393	21,347	(177,663)	570,491
Business unit liabilities	260,493	390,380	19,586	25,073	20,295	(176,745)	539,082
Total liabilities	260,493	390,380	19,586	25,073	20,295	(176,745)	539,082
Additions to property and equipment	146	170	21	1,547	10	109	2,003
Depreciation and amortisation including ... amortisation of software	145	53	90	32	51	113	484
Value adjustments	145	16	1	100	2	2	266

In millions of euros	Domestic retail banking	Wholesale banking and international retail banking	Asset management and investment	Leasing	Real estate	Other*	Total
Value adjustments in loans to customers							
At 1 January	1,229	774	1	221	24	-	2,249
Additional value adjustment for credit losses	158	221	1	105	3	1	489
Reversal of value adjustment for credit losses	-	(185)	-	-	-	-	(185)
Defaulting loans written off during the year	(128)	(83)	-	(94)	-	-	(305)
Interest and other adjustments	44	(6)	2	(6)	-	-	34
Closing balance	1,303	721	4	226	27	1	2,282
Individual value adjustment (specific provision)	737	542	4	139	3	1	1,426
Collective value adjustment (collective provision)	158	38	-	27	-	-	223
General provision (IBNR)	408	141	-	60	24	-	633
	1,303	721	4	226	27	1	2,282

* Including elimination between segments for profit and loss account.

In millions of euros	Assets	Liabilities	Income from external clients	Additions to property and equipment and intangible assets	Contingent liabilities and obligations (including revocable commitments)
At 31 December 2008					
The Netherlands	430,792	434,275	7,853	1,341	57,479
Other countries in the EU zone	29,337	9,160	1,692	50	2,984
Rest of Europe (excl. EU zone)	60,935	46,644	15	415	9,573
North America	52,562	65,991	918	18	9,507
Latin America	7,545	2,731	404	2	591
Asia	9,462	10,301	104	5	4,183
Australia	21,422	15,007	480	(41)	2,736
Other and consolidation effects	66	(5,448)	186	-	-
Total	612,120	578,661	11,652	1,790	87,053
At 31 December 2007					
The Netherlands	375,525	353,251	10,535	1,532	55,297
Other countries in the EU zone	27,918	7,973	1,384	64	4,400
Rest of Europe (excl. EU zone)	60,692	58,146	553	339	8,729
North America	61,914	76,471	(242)	468	8,661
Latin America	7,214	2,661	480	4	486
Asia	10,863	18,841	(177)	78	3,458
Australia	26,365	19,183	464	29	3,140
Other and consolidation effects	-	2,556	(1,975)	25	-
Total	570,491	539,082	11,022	2,539	84,171

6 Cash and cash equivalents

In millions of euros	2008	2007
Cash	1,259	777
Money market loans	74	25
Deposits at central banks other than mandatory reserve deposits	5,236	763
Cash and cash equivalents	6,569	1,565
Mandatory reserve deposits at central banks	536	564
Total cash and cash equivalents	7,105	2,129

Mandatory reserve deposits consist of deposits with the Dutch Central Bank required under its minimum reserve policy. These deposits are not available to Rabobank for use in its daily business activities.

7 Due from other banks

In millions of euros	2008	2007
Deposits with other banks	22,585	9,537
Assets transferred under repurchase transactions	4,621	29,738
Loans	3,914	3,960
Other	76	18
Less: value adjustments	(118)	(35)
	31,078	43,218
Reclassified assets	2,698	-
Total due from other banks	33,776	43,218
Breakdown of value adjustments		
At 1 January	35	48
Additional impairment for credit losses	73	10
Reversal impairment for credit losses	(5)	(16)
Value adjustments	68	(6)
Amounts written off during the year	-	3
Other changes	15	(10)
At 31 December	118	35

Value adjustments of Due from other banks have been recognised in the profit and loss account as Value adjustments.

8 Trading financial assets

In millions of euros	2008	2007
Purchased loans	2,639	2,350
Short-term government securities	172	298
Government bonds	2,005	2,970
Other debt securities	4,365	16,187
Equity instruments	2,190	7,173
Other financial assets	205	201
Total	11,576	29,179

9 Other financial assets at fair value through profit and loss

In millions of euros	2008	2007
Short-term government securities	13	61
Government bonds	565	514
Other debt securities	5,287	8,815
Venture capital	646	314
Equity instruments	229	6,382
Other financial assets	1,156	2,047
Total	7,896	18,133

The maximum credit risk of other financial assets at fair value through profit and loss is 7,021 (2007: 11,437). The cumulative change in the fair value of the financial assets that is allocable to the changes in credit risk is minor, as are the changes in the credit risk for the current year.

10 Derivative financial instruments and other trade liabilities

10.1 Types of derivative instruments used by Rabobank

Forward currency and interest rate contracts are contractual obligations to receive or pay a net amount based on changes in exchange or interest rates, or to purchase or sell foreign currency or a financial instrument on a future date at a fixed specified price in an organised financial market. As collateral for forward contracts is provided in the form of cash, cash equivalents or marketable securities, and changes in the value of forward contracts are settled daily, the credit risk is negligible.

Forward rate agreements are individually agreed forward interest rate contracts under which the difference between a contractually agreed interest rate and the market rate on a future date has to be settled in cash, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps entail an economic exchange of currencies or interest rates (such as a fixed rate for one or more variable rates, or a combination, i.e. a cross-currency swap). Except for certain currency swaps, there is no transfer of the principal amount. The credit risk exposure of Rabobank represents the potential cost of replacing the swaps if the counterparties default. The risk is monitored continuously against current fair value, a portion of the notional amount of the contracts and the liquidity of the markets. As part of the credit risk management process, Rabobank employs the same methods for evaluating counterparties as it does for evaluating its own lending activities.

Currency and interest rate options are contracts under which the seller (known as the writer) gives the buyer (known as the holder) the right, entailing no obligation, to purchase (in the case of a call option) or sell (in the case of a put option) a specific amount of foreign currency or a specific financial instrument on or before an agreed date or during an agreed period at a price set in advance. As consideration for accepting the currency or interest rate risk, the writer receives a payment (known as a premium) from the holder. Options are traded on exchanges or between Rabobank and clients (OTC). Rabobank is exposed to credit risks only as option holder and only up to the carrying amount, which is equal to the fair value in this case.

Credit default swaps (CDSs) are instruments by means of which the seller of a CDS agrees to pay the buyer an amount equal to the loss that would be incurred by holding an underlying reference asset if a specific credit event were to occur (i.e. the materialisation of a risk). The buyer is under no obligation to hold the underlying reference asset. The buyer pays the seller a credit protection fee expressed in basis points, with the size of the fee depending on the credit spread of the reference asset.

10.2 Derivative financial instruments issued or held for trading

Rabobank trades in financial instruments to take positions in tradable or OTC instruments, including derivative financial instruments, so that it can profit from short-term movements on share and bond markets and in exchange and interest rates. For this type of trading, Rabobank sets risk limits relating to market positions at the end of the day (overnight trades) as well as during the day (intraday trades). Apart from specific hedging rules, the currency and interest rate risks associated with these derivative financial instruments are usually offset by taking counter positions in order to manage the volatility in the net amounts needed to liquidate the market positions.

10.3 Derivative financial instruments held as hedges

Rabobank concludes various derivative contracts that are intended as fair value, cash flow or net investment hedges, and which accordingly qualify as such. Rabobank also concludes derivative contracts as hedges against economic risks. It does not apply hedge accounting to these contracts.

Fair value hedges

Most of Rabobank's fair value hedges are interest rate and cross currency swaps that provide protection against a potential decrease in the fair value of fixed-interest financial assets or a potential increase in the fair value of clients' time deposits in local as well as foreign currencies. The net fair value of these swaps at 31 December 2008 was a loss of 6,043 (2007: loss of 223).

Rabobank hedges part of its currency risk exposure relating to available-for-sale shares with fair value hedges in the form of currency futures contracts. The net fair value of these forward currency contracts at 31 December 2008 was a loss of 1,253 (2007: loss of 251).

For the year ended 31 December 2008, Rabobank recognised a gain of 98 (2007: gain of 207) on the portion of the fair value hedges classified as ineffective.

For the year ended 31 December 2008, Rabobank recognised a loss of 7,380 (2007: gain of 2,296) on the hedging instrument. The total profit on the hedged position allocable to the hedged risk is 7,478 (2007: loss of 2,089).

Cash flow hedges

Rabobank makes almost no use of cash flow hedges.

Net investment hedges

Rabobank uses forward currency contracts to hedge part of the translation risk on net investments in foreign entities. The net fair value of these forward currency contracts at 31 December 2008 was -60 (2007: 2).

At 31 December 2008, forward contracts with a total notional amount of 1,336 (2007: 2,762) were classified as net investment hedges. These contracts produced gains totalling 211 (2007: 143), which were recognised in equity. No deductions from equity were made during the year (2007: 0). For the year ended 31 December 2008, Rabobank recognised no ineffectiveness as a result of the net investment hedges.

10.4 Notional amount and fair value

Although the notional amount of certain types of financial instruments provides a basis for comparing instruments that are included in the balance sheet, it does not necessarily represent the related future cash flows or the fair values of the instruments. Hence, it does not represent the exposure of Rabobank to credit or exchange risks. The notional amount is the value of the underlying asset or reference rate or index of a derivative financial instrument and forms the basis for measuring changes in the value of such instruments. It provides an indication of the volume of transactions executed by Rabobank; it is not a measure of risk exposure, however. Some derivative financial instruments are standardised in terms of notional amount or settlement date, having been designed for trading on active markets (i.e. on stock exchanges). Others are specifically constructed for individual clients and not for trading on an exchange, even though they can be traded at prices negotiated by buyers and sellers (OTC instruments).

The positive fair value represents the cost for Rabobank to replace all contracts on which it will be entitled to receive payment. Replacement would apply in the event of all counterparties remaining in default. This is the standard method in the industry for calculating the current credit risk exposure. The negative fair value represents the cost of all Rabobank contracts on which it will have to make payment. Replacement would apply in the event of Rabobank remaining in default. The total of positive fair values and the total of negative fair values are disclosed separately in the balance sheet. Derivative financial instruments are favourable (if passive) or not favourable (if not passive) as a result of swings in market or exchange rates in relation to their contract values. The total contract amount or notional amount of derivative financial instruments held, the degree to which these instruments are favourable or not favourable, and hence the total fair value of the derivative financial assets and liabilities can sometimes fluctuate significantly.

The next table shows the notional amounts and the positive and negative fair values of Rabobank's derivative contracts (including those relating to closed derivative positions/embedded derivative financial instruments).

In millions of euros	Contract/Notional amount	Fair value	
		Assets	Liabilities
At 31 December 2008			
Derivative financial instruments held for trading	2,410,230	66,058	66,967
Derivative financial instruments held as hedges	129,936	701	7,997
Short positions shares and bonds	-	-	2,266
Total derivative financial assets/liabilities recognised	2,540,166	66,759	77,230
Derivative financial instruments held for trading			
Currency derivative financial instruments			
Unlisted tradable contracts (OTC)			
Forward currency contracts	45,390	1,710	1,716
Currency swaps	286,074	10,874	13,502
Currency options	9,325	424	332
Listed tradable contracts			
Currency futures	1,855	-	1
Options	135	15	26
Total currency derivative financial instruments	342,779	13,023	15,577
Interest rate derivative financial instruments			
Unlisted tradable contracts (OTC)			
Interest rate swaps	1,322,629	34,810	36,172
Cross-currency interest rate swaps	(14,985)	263	79
Forward rate agreements	319,628	366	377
Interest rate options	181,950	4,573	4,420
Total OTC contracts	1,809,222	40,012	41,048
Listed tradable contracts			
Interest rate swaps	126,797	3	(65)
Total interest rate derivative financial instruments	1,936,019	40,015	40,983
Credit derivative financial instruments			
Credit default swaps	114,137	7,138	5,530
Total return swaps	7,069	2,142	593
Total credit derivative financial instruments	121,206	9,280	6,123
Equity instruments/index derivative financial instruments			
Unlisted tradable contracts (OTC)			
Options	5,094	3,398	4,107
Listed tradable contracts			
Futures	213	-	-
Options	614	53	173
Total equity instruments/index derivative financial instruments	5,921	3,451	4,280
Other derivative financial instruments	4,305	289	4
Total derivative financial assets/liabilities held for trading	2,410,230	66,058	66,967
Derivative financial instruments held as hedges			
Derivative financial instruments classified as fair value hedges			
Currency swaps	289	331	1,584
Interest rate swaps	112,949	370	6,413
Cross-currency interest rate swaps	16,698	-	-
Total derivative financial instruments classified as fair value hedges	129,936	701	7,997
Derivative financial instruments classified as cash flow hedges			
Interest rate swaps	-	-	-
Total derivative financial assets/liabilities classified as hedges	129,936	701	7,997

In millions of euros	Contract/Notional amount	Fair value	
		Assets	Liabilities
At 31 December 2007			
Derivative financial instruments held for trading	2,223,346	23,413	22,945
Derivative financial instruments held as hedges	100,458	2,676	3,150
Short positions shares and bonds	-	-	5,002
Total derivative financial assets/liabilities recognised	2,323,804	26,089	31,097
Derivative financial instruments held for trading			
Currency derivative financial instruments			
Unlisted tradable contracts (OTC)			
Forward currency contracts	56,884	559	748
Currency swaps	230,332	3,957	5,313
Currency options	16,417	266	312
Listed tradable contracts			
Currency futures	787	-	-
Options	746	7	12
Total currency derivative financial instruments	305,166	4,789	6,385
Interest rate derivative financial instruments			
Unlisted tradable contracts (OTC)			
Interest rate swaps	1,359,413	10,822	13,170
Cross-currency interest rate swaps	(22,089)	116	(2,405)
Forward rate agreements	150,933	37	34
Interest rate options	158,050	1,527	1,541
Total OTC contracts	1,646,307	12,502	12,340
Listed tradable contracts			
Interest rate swaps	197,820	10	5
Total interest rate derivative financial instruments	1,844,127	12,512	12,345
Credit derivative financial instruments			
Credit default swaps	41,376	1,528	1,221
Total return swaps	22,144	1,613	674
Total credit derivative financial instruments	63,520	3,141	1,895
Equity instruments/index derivative financial instruments			
Unlisted tradable contracts (OTC)			
Options	7,472	895	2,146
Listed tradable contracts			
Futures	308	-	-
Options	1,627	1,666	173
Total equity instruments/index derivative financial instruments	9,407	2,561	2,319
Other derivative financial instruments	1,126	410	1
Total derivative financial assets/liabilities held for trading	2,223,346	23,413	22,945
Derivative financial instruments held as hedges			
Derivative financial instruments classified as fair value hedges			
Currency swaps	256	20	271
Interest rate swaps	76,172	2,654	459
Cross-currency interest rate swaps	24,030	2	2,420
Total derivative financial instruments classified as fair value hedges	100,458	2,676	3,150
Derivative financial instruments classified as cash flow hedges			
Interest rate swaps	-	-	-
Total derivative financial assets/liabilities classified as hedges	100,458	2,676	3,150

11 Loans to customers

In millions of euros	2008	2007
Loans initiated by Rabobank:		
Loans to government clients:		
- leasing	833	513
- other	8,019	4,582
Loans to private clients:		
- overdrafts	14,832	10,030
- mortgages	276,248	243,636
- leasing	19,684	17,324
- receivables relating to securities transactions	3,816	14,422
- other	96,721	84,743
Gross loans to customers	420,153	375,250
Less: changes in loans to customers	(3,130)	(2,282)
	417,023	372,968
Reclassified assets	9,260	-
Total loans to customers	426,283	372,968

The impairment of reclassified assets amounts to 317 and is recognised in profit and loss under Net income from financial assets and liabilities at fair value through profit and loss.

In millions of euros	2008	2007
Value adjustments in loans to customers		
Value adjustments in loans to customers can be broken down as follows		
At 1 January	2,282	2,249
Additional impairment for credit losses	1,929	489
Reversal impairment for credit losses	(780)	(190)
Defaulting loans written off during the year	(441)	(305)
Interest and other changes	140	39
Total value adjustments in loans to customers	3,130	2,282
Individual value adjustment (specific provision)	2,357	1,426
Collective value adjustment (collective provision)	267	223
General provision (IBNR)	506	633
Total value adjustments in loans to customers	3,130	2,282
Gross carrying amount of loans whose value adjustments were established on an individual basis (specific and collective provisions)	6,455	3,435

The fair value of the collateral obtained by the bank for assets which were individually adjusted at the balance sheet date amounts to 3,000 (2007: 2,397).

During the year, Rabobank acquired financial and non-financial assets by taking possession of collateral with an estimated value of 18 (2007: 12). In general, it is Rabobank's policy to sell these assets in the reasonably foreseeable future. Yields are allocated to repay the outstanding amount.

Amendments to IAS 39 and IFRS 7, 'Reclassification of financial assets'

Based on the amendments to IAS 39 and IFRS 7, 'Reclassification of financial assets', Rabobank has reclassified a number of 'trading financial assets' and 'available-for-sale financial assets' to 'loans to customers' and 'due from other banks'. Rabobank has identified assets to which this amendment applies, with the intention clearly shifting to holding the securities for the near future as opposed to selling or trading them in the short term. The reclassifications were effected as from 1 July 2008 at their fair value at the time. This note provides details on the impact of the reclassifications at Rabobank.

The table below shows the carrying amounts and fair values of the reclassified assets.

In millions of euros	Reclassification date		31 December 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Trading financial assets reclassified to loans at 1 July 2008	3,121	3,121	3,145	2,683
Available-for-sale financial assets reclassified to loans at 1 July 2008	8,616	8,616	8,490	7,101
Trading financial assets reclassified to loans at 10 December 2008	322	322	323	312
Total financial assets reclassified to loans	12,059	12,059	11,958	10,096

The effective rate of interest on reclassified trading financial assets varied between 5% and 11% as from the date of the reclassification, with an estimated cash inflow of 4.7 billion. The effective rate of interest on reclassified available-for-sale financial assets ranged from 5% to 21%, with an estimated cash inflow of 12.2 billion.

The impact of the reclassification of available-for-sale financial assets on the profit and loss account is contrary to that of the reclassification of trading financial assets. The reclassification of trading financial assets had a positive effect on net profit, since unrealised fair value losses of 393 had not been recognised. Conversely, the reclassification of available-for-sale financial assets resulted in an additional impairment of 203. The equity position in 2008 would have been 730 lower if the reclassification had not been made.

Following reclassification, the reclassified financial assets contributed the following amounts to operating profit before taxation in 2008.

	Second half-year 2008
Net interest income	86
Value adjustments	-
Operating profit before taxation on reclassified trading financial assets	86
Net interest income	115
Value adjustments	(317)
Operating profit before taxation on reclassified available-for-sale financial assets	(202)

In the first half of 2008, unrealised fair value losses of the reclassified trading financial assets of 201 and impairment of the reclassified available-for-sale financial assets of 326 was taken to the profit and loss account. In addition, unrealised fair value losses of 349 on reclassified available-for-sale financial assets were charged to equity.

As at 30 June 2008, 1.9 billion in unrealised fair value losses of available-for-sale financial assets was taken to equity. This amount will be released from equity and added to the carrying amount of the reclassified available-for-sale financial assets based on the effective interest method.

Finance leases

Loans to customers also includes receivables from finance leases, which can be broken down as follows:

In millions of euros	2008	2007
Receivables from gross investment in finance leases:		
Shorter than 1 year	8,296	6,899
Longer than 1 year but not longer than 5 years	13,354	12,326
Longer than 5 years	1,421	778
Total receivables from gross investment in finance leases	23,071	20,003
Unearned deferred finance income from finance leases	2,800	2,392
Net investment in finance leases	20,271	17,611
Net investment in finance leases can be broken down as follows:		
Shorter than 1 year	7,846	6,495
Longer than 1 year but not longer than 5 years	11,326	10,512
Longer than 5 years	1,099	604
Net investment in finance leases	20,271	17,611

The provision for finance leases included in value adjustments amounted to 246 at 31 December 2008 (2007: 226).

The unguaranteed residual values accruing to the lessor amount to 95 (2007: 68). The contingent lease payments recognised as income in 2008 are nil.

12 Available-for-sale financial assets

In millions of euros	2008	2007
Short-term government securities	1,579	682
Government bonds	17,128	25,049
Other debt instruments	10,942	22,552
Equity instruments	994	1,279
Other available-for-sale financial assets	1,022	793
Total available-for-sale financial assets	31,665	50,355

The impairment of available-for-sale financial assets amounts to 646 (2007: 477) and is recognised in profit and loss under Net income from financial assets and liabilities at fair value through profit and loss.

Gains and losses on available-for-sale financial assets:

In millions of euros	2008	2007
Derecognised available-for-sale financial assets	(51)	64

The changes in available-for-sale financial assets can be broken down as follows:

In millions of euros	2008	2007
Opening balance	50,355	48,962
Translation differences on monetary assets	2,232	(2,347)
Additions	16,204	21,423
Disposals (sale and repayment)	(27,448)	(16,162)
Changes in fair value	(1,031)	(1,601)
Reclassified assets	(8,616)	-
Other changes	(31)	80
Closing balance	31,665	50,355

13 Held to maturity financial assets

In millions of euros	2008	2007
Government bonds	464	736
Other debt instruments	33	123
Total held-to-maturity financial assets	497	859

The changes in held-to-maturity financial assets can be broken down as follows:

In millions of euros	2008	2007
Opening balance	859	1,489
Additions	304	20
Redemption	(664)	(645)
Impairments	(2)	(5)
Closing balance	497	859

14 Investments in associates

In millions of euros	2008	2007
Opening balance	4,558	3,250
Purchases	181	440
Sales	(3)	(18)
Share of profit of associates	(26)	523
Dividends paid	(10)	(16)
Associates included in consolidation	(340)	-
Revaluation and other	(905)	379
Total	3,455	4,558

The principal associates are listed under note 47 'Principal subsidiaries and associates'.

15 Intangible assets

In millions of euros	Goodwill	Software developed in-house	Other intangible assets	Total
Year ended 31 December 2008				
Net opening carrying amount	2,046	268	869	3,183
Foreign exchange differences	5	-	2	7
Additions	337	162	89	588
Acquisition/disposal of subsidiaries	-	-	16	16
Other	22	29	110	161
Amortisation	-	(75)	(138)	(213)
Impairments	(2)	(6)	(6)	(14)
Net closing carrying amount	2,408	378	942	3,728
Cost	2,423	584	1,380	4,387
Accumulated depreciation and impairments	(15)	(206)	(438)	(659)
Net carrying amount	2,408	378	942	3,728
Year ended 31 December 2007				
Net opening carrying amount	1,056	218	570	1,844
Foreign exchange differences	(56)	-	(4)	(60)
Additions	768	159	332	1,259
Acquisition/disposal of subsidiaries	-	-	45	45
Other	291	5	37	333
Amortisation	-	(62)	(109)	(171)
Impairments	(13)	(52)	(2)	(67)
Net closing carrying amount	2,046	268	869	3,183
Cost	2,059	492	1,138	3,689
Accumulated depreciation and impairments	(13)	(224)	(269)	(506)
Net carrying amount	2,046	268	869	3,183

In millions of euros	Acquisition date	Percentage of equity instruments with voting rights acquired	Acquisition price	Fair value	Goodwill
Year ended 31 December 2008					
Bank BGZ	4 April 2008	12.87%	410	103	307
Other					30
Total					337

The goodwill is attributable to synergy benefits that cannot be separately identified and intangible assets (brand name and customer portfolio) that have been included in goodwill because the relevant amounts are modest. These acquisitions are important strategic steps for Rabobank and contribute directly to Rabobank's profit. No impairments of goodwill were identified in 2008.

The carrying amounts of the assets and liabilities of the acquired entities largely correspond to the fair values first recognised in the financial statements of Rabobank. The main differences concern separate newly-valued intangible assets (customer portfolio and other intangible assets of 169) and an upward revaluation of property, plant and equipment of 76.

The contribution of the newly acquired entities to profit for 2008 from the date of their acquisition amounts to 25. If the acquired entities had been consolidated for the full year, their contribution to the income of Rabobank would have been 36. Net of financing charges, their contribution to profit of Rabobank would have been 19.

16 Property and equipment

In millions of euros	Land and buildings	Equipment	Total
Year ended 31 December 2008			
Net opening carrying amount	1,974	3,598	5,572
Foreign exchange differences	10	(33)	(23)
Purchases	184	1,228	1,412
Acquisition of subsidiaries	192	1	193
Disposals	(76)	(261)	(337)
Depreciation and impairments	(144)	(168)	(312)
Other (including depreciation operational lease equipment)	96	(731)	(635)
Net closing carrying amount	2,236	3,634	5,870
Cost	3,660	6,540	10,200
Accumulated depreciation and impairments	(1,424)	(2,906)	(4,330)
Net carrying amount	2,236	3,634	5,870

In millions of euros	Land and buildings	Equipment	Total
Year ended 31 December 2007			
Net opening carrying amount	1,867	3,155	5,022
Foreign exchange differences	(7)	(17)	(24)
Purchases	199	1,702	1,901
Acquisition of subsidiaries	66	36	102
Disposals	(44)	(494)	(538)
Depreciation and impairments	(195)	(175)	(370)
Other (including depreciation operational lease equipment)	88	(609)	(521)
Net closing carrying amount	1,974	3,598	5,572
Cost	3,381	6,268	9,649
Accumulated depreciation and impairments	(1,407)	(2,670)	(4,077)
Net carrying amount	1,974	3,598	5,572

17 Investment properties

In millions of euros	2008	2007
Net opening carrying amount	1,105	1,338
Purchases	131	173
Acquisition of subsidiaries	-	17
Sales	(183)	(373)
Depreciation	(33)	(30)
Other	18	(20)
Net closing carrying amount	1,038	1,105
The fair value and carrying amount are practically equal.		
Cost	1,258	1,292
Accumulated depreciation	(220)	(187)
Net carrying amount	1,038	1,105
Breakdown of rental income and depreciation of investment properties		
Net rental income from investment properties	76	71
Depreciation of investment properties	(33)	(30)
	43	41

The maximum remaining maturity of investment properties is 15 years.

18 Other assets

In millions of euros	2008	2007
Receivables and prepayments	1,380	1,706
Accrued interest	2,377	2,746
Precious metals, goods and warehouse receipts	65	17
Assets in progress	3,707	3,274
Other assets	3,026	3,416
Total other assets	10,555	11,159

19 Due to other banks

In millions of euros	2008	2007
Other loans	4,091	9,898
Money market deposits	105	87
Time deposits	11,882	21,164
Other deposits	6,101	7,767
Repurchase agreements	1,712	7,416
Total due to other banks	23,891	46,332

20 Due to customers

In millions of euros	2008	2007
Savings	114,680	101,175
Current account/settlement accounts	73,062	58,815
Time deposits	81,554	82,139
Repurchase agreements	664	3,694
Other due to customers	34,254	30,787
Total due to customers	304,214	276,610

Due to customers also includes investments of central banks of 23 (2007: 27) billion.

21 Debt securities in issue

In millions of euros	2008	2007
Certificates of deposit	32,004	22,319
Commercial paper	23,345	34,649
Bonds	78,076	80,784
Other debt securities	2,354	4,060
Total debt securities in issue	135,779	141,812

22 Other debts

In millions of euros	2008	2007
Payables	2,652	3,435
Dividends payable	142	121
Accrued interest	3,598	4,054
Other	2,252	2,908
Total other debts	8,644	10,518

23 Other financial liabilities at fair value through profit and loss

The change in the fair value of the other financial liabilities at fair value through profit and loss that is attributable to changes in Rabobank's credit risk is 736 after taxes (2007: 0). This amount also represents the cumulative change in fair value attributable to changes in Rabobank's credit risk from the issue of structured notes. The change in fair value that is allocable to changes in the credit risk is calculated by establishing a connection with the change in credit mark-up of structured notes issued by Rabobank. The amount Rabobank is obliged to pay on the contract repayment date, discounted at the effective rate of interest, exceeds the carrying amount by 1.6 billion (2007: 1.0 billion).

In millions of euros	2008	2007
(Structured) notes	19,729	24,937
Other debt securities	4,189	1,329
Time deposits	879	1,037
Total other financial liabilities at fair value through profit and loss	24,797	27,303

24 Provisions

Rabobank recognised the following provisions during the year.

In millions of euros	2008	2007
Restructuring provision	223	348
Legal issues provision	304	414
Other	348	405
Total provisions	875	1,167
Restructuring provision		
Opening balance	348	385
Interest	11	-
Additions charged to profit	60	52
Withdrawals	(42)	-
Release	(154)	(89)
Closing balance	223	348
Legal issues provision		
Opening balance	414	375
Interest	7	-
Additions charged to profit	31	50
Withdrawals	(34)	(11)
Release	(114)	-
Closing balance	304	414
Other		
Opening balance	405	415
Additions charged to profit	108	28
Withdrawals	(91)	(38)
Release	(74)	-
Closing balance	348	405
Total provisions	875	1,167

'Other' includes provisions for onerous contracts, credit guarantees and tax claims.

Maturity of the Rabobank provisions
(excluding provisions for employee benefits and doubtful debts)

In millions of euros	Less than 1 year	1-5 years	More than 5 years	Total
At 31 December 2008	793	69	13	875
At 31 December 2007	778	381	8	1,167

25 Deferred tax

Deferred tax assets and liabilities are measured for all temporary differences using the 'liability' method based on an effective tax rate of 25.5% (2007: 25.5%) in the Netherlands. No deferred tax asset has been recognised for carry forward losses totalling approximately 275 (2007: 835). The carry forward losses relate to various tax authorities and have different maturity dates. Changes in the deferred income tax account can be broken down as follows:

In millions of euros	2008	2007
Deferred tax assets		
Opening balance	1,565	1,477
Recognised in profit and loss:		
- in respect of rate changes	17	-
- other temporary differences	56	(90)
Available-for-sale financial assets:		
- remeasurement of fair value	138	349
Foreign exchange differences	83	(45)
Acquisition/(disposal) of subsidiaries	(1)	5
Other	(239)	(131)
Closing balance	1,619	1,565
Deferred tax liabilities		
Opening balance	851	836
Recognised in profit and loss:		
- in respect of rate changes	12	-
- other temporary differences	(677)	50
Available-for-sale financial assets	59	(83)
Foreign exchange differences	37	(16)
Acquisition/(disposal) of subsidiaries	37	51
Other	155	13
Closing balance	474	851
Deferred tax assets		
Pensions and other post-employment benefits	29	92
Impairments	559	179
Other provisions	136	186
Hedging of interest rate risk	(307)	221
Carry forward losses	505	106
Intangible assets	238	181
AFS reserve	405	362
Other temporary differences	54	238
Total deferred tax assets	1,619	1,565
Deferred tax liabilities		
Intangible assets	150	176
Property and equipment, including leases	192	368
AFS reserve	44	(31)
Other temporary differences	88	338
Total deferred tax liabilities	474	851

The deferred tax expense relates to the following temporary differences:

In millions of euros	2008	2007
Property and equipment	(114)	(30)
Pensions and other post-employment benefits	(10)	22
Impairments, provisions and losses on financial assets	(315)	155
Carry forward losses	(296)	(1)
Other temporary differences	(3)	(6)
Deferred tax expense	(738)	140

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax items relate to the same taxation authority.

26 Employee benefits

In millions of euros	2008	2007
Pension plans	(185)	341
Other employee benefits	556	555
Total pension liabilities	371	896

26.1 Pension plans

Rabobank has implemented several pension plans covering a significant percentage of its employees. Most of the plans are career average defined benefit plans, some of which are administered by pension funds. The assets of the fund-administered plans are held independent of Rabobank assets and are managed by the trustees of the funds. These plans are valued each year by independent actuaries using the method prescribed by IFRS. The most recent actuarial valuations were carried out at the end of 2008.

The weighted averages of the principal actuarial assumptions used in the valuation of the provision for defined benefit plans at 31 December (in % per annum) are:

	2008	2007
Discount rate	5.75	5.5
Expected salary accrual rate	3	3
Consumer price inflation (indexation)	2.25	2.25
Expected return on investments	6.25	6.0

The expected long-term return on the Rabobank Pension Fund's portfolio depends largely on the allocation of assets to various investment categories – fixed-interest securities, shares, real estate and alternatives – as each category has its own specific projected returns. The Dutch Central Bank, which is the supervisory authority for the pensions industry, has set certain limits to projected returns for the various investment categories that may be disclosed as part of a continuity analysis. Based on the present asset allocation in the Rabobank Pension Fund's portfolio and the Dutch Central Bank's parameters, the projected long-term return is estimated at 6.25%.

In millions of euros	2008	2007	2006	2005	2004
Present value of liabilities					
... administered by funds	9,428	9,497	9,699	9,676	8,593
Fair value of plan assets	(12,206)	(11,013)	(10,262)	(8,739)	(7,820)
	(2,778)	(1,516)	(563)	937	773
Present value of liabilities					
... not administered by funds	-	-	-	1	8
Unrecognised actuarial gains/(losses)	2,592	1,859	1,184	(62)	466
Unrecognised past service costs	1	(2)	(3)	(38)	-
Net liabilities	(185)	341	618	838	1,247

In millions of euros	2008	2007
Present value of liabilities administered by funds		
Present value of entitlements at 1 January	9,497	9,699
Acquired entitlements	-	236
Interest	522	468
Increase in entitlements during the year	377	404
Benefits paid	(200)	(201)
Transfer of accrued benefits	15	24
Pension plan changes	1	1
Other	(59)	-
Expected present value of entitlements at 31 December	10,153	10,631
Actuarial result	(725)	(1,134)
Present value of entitlements at 31 December	9,428	9,497
Fair value of plan assets		
Fair value of assets at 1 January	11,013	10,262
Acquired plan assets	-	228
Expected income from investments	669	600
Premium contributed by the employer	425	496
Premium contributed by the employee	22	18
Benefits paid	(200)	(201)
Transfer of accrued benefits and costs	3	6
Other	(46)	-
Expected fair value of assets at 31 December	11,886	11,409
Actuarial result	320	(396)
Fair value of assets at 31 December	12,206	11,013

The premium to be contributed to the 2009 plan is expected to be 610.

Plan assets have been allocated as follows:

Shares	51.6%	47.2%
Fixed-interest securities	38.1%	43.0%
Real estate	6.9%	7.3%
Cash and cash equivalents	3.4%	2.5%
Total plan assets	100%	100%

Less than 5% of plan assets is allocated to Rabobank's own funds. These are chiefly cash and cash equivalents held with Rabobank.

Actual income from investments

Expected income from investments	669	600
Actuarial result	320	(396)
Actual income from investments	989	204

The amounts recognised in consolidated profit and loss for the year are as follows:

In millions of euros	2008	2007
Costs based on period of employment during the year	377	404
Interest on liabilities	522	468
Expected income from plan assets	(669)	(600)
Past service costs	1	1
Amortisation of actuarial (gains)/losses	(312)	(63)
Losses/(gains) on discounts/(settlements)/costs	7	1
Total cost of defined benefit plans	(74)	211

26.2 Other employee benefits

Other employee benefits mainly comprise early retirement liabilities/non-active persons scheme for an amount of 362 (2007: 462) and liabilities for future long-service awards for an amount of 73 (2007: 71).

27 Subordinated debt

In millions of euros	2008	2007
Trust Preferred Securities II	1,257	1,189
Rabobank Nederland	839	1,000
ACC Bank	-	63
FGH Bank	40	41
Other	23	1
Total subordinated debt	2,159	2,294

Movements in the Trust Preferred Securities II are stated in the table below.

In millions of euros	2008	2007
Trust Preferred Securities II		
At 1 January	1,189	1,329
Foreign exchange differences and other	68	(140)
At 31 December	1,257	1,189

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 distribution is 5.26% until 31 December 2013, after which the expected distribution is equal to the three-month USD LIBOR plus 1.6275%. The total proceeds from this issue amounted to USD 1,750. As from 31 December 2013, these Trust Preferred Securities can be repurchased on each distribution date (once every quarter) after prior written approval is received from the Dutch Central Bank.

Rabobank Nederland issued a loan of 1,000 in 2005 bearing interest at a fixed rate of 4.74% and maturing in 2015. The subordinated debt is lower at group level, since a portion has been placed with group companies.

The subordinated loan of FGH Bank is a loan of 40 bearing interest at a fixed rate of 6%. The loan matures in 2012.

28 Contingencies and commitments

Credit related liabilities

Credit granting liabilities represent the unused portions of funds authorised for the granting of credit in the form of loans, guarantees, letters of credit and other lending related financial instruments. Rabobank's credit risk exposure from credit granting liabilities consists of potential losses amounting to the unused portion of the authorised funds. The total expected loss is lower than the total of unused funds, however, credit granting liabilities are subject to the clients in question continuing to meet specific standards of creditworthiness. Guarantees represent irrevocable undertakings that, provided certain conditions are met, Rabobank will make payments on behalf of clients if they are unable to meet their financial obligations to third parties. Rabobank also accepts credit granting liabilities in the form of credit facilities made available to ensure that clients' liquidity requirements can be met, but which have not yet been drawn upon.

In millions of euros	2008	2007
Guarantees	9,515	8,992
Credit granting liabilities	31,388	36,323
Letters of credit	1,540	2,402
Other contingent liabilities	208	21
Total credit related and contingent liabilities	42,651	47,738

Liabilities relating to operating leases

Rabobank has taken on various operating lease contracts as lessee. The future net minimum lease payments under non-cancellable operating leases can be broken down as follows:

In millions of euros	2008	2007
Shorter than 1 year	52	35
Longer than 1 year but not longer than 5 years	124	113
Longer than 5 years	54	76
Total liabilities relating to operating leases	230	224

Payments receivable from operating leases

Rabobank has taken on various operating lease contracts as lessor. The future net minimum lease payments receivable from non-cancellable operating leases can be broken down as follows:

In millions of euros	2008	2007
Earlier than 1 year	684	1,403
Later than 1 year but not later than 5 years	3,056	2,059
Later than 5 years	255	110
Total payments receivable from operating leases	3,995	3,572

No contingent lease payments were recognised as assets during the year under review.

Carrying amount of financial assets provided as security for (contingent) liabilities

Carrying amount of financial assets provided as security

In millions of euros	2008	2007
Due from other banks	222	185
Trading financial assets	1,557	2,509
Other financial assets at fair value through profit and loss	140	135
Loans to customers	2,609	625
Available-for-sale financial assets	42,817	35,549
	47,345	39,003

The assets were provided to counterparties as security for (contingent) liabilities. If Rabobank remains in default the counterparties may use the security to settle the debt.

29 Equity

Equity of Rabobank Nederland and local Rabobanks

In millions of euros	2008	2007
Foreign currency translation reserve	(464)	(127)
Revaluation reserve for available-for-sale financial assets	(898)	489
Revaluation reserve for associates	163	164
Hedging reserve for cash flow hedges	(31)	1
Retained earnings	21,304	19,157
Total reserves and retained earnings at year-end	20,074	19,684

Changes in reserves were as follows:

In millions of euros	2008	2007
Foreign currency translation reserve		
Opening balance	(127)	78
Currency translation differences emerging during the year	(337)	(205)
Closing balance	(464)	(127)
Revaluation reserve for available-for-sale financial assets		
Opening balance	489	213
Fair value changes	(1,898)	(39)
(Gains)/losses reclassified under profit	511	315
Other	-	-
Closing balance	(898)	489

The fair value changes include unrealised gains from available-for-sale financial assets of associates of -416 (2007: 573).

In millions of euros	2008	2007
Revaluation reserve for associates		
Opening balance	164	94
Fair value changes	(1)	70
Closing balance	163	164

If a shareholding is increased to such an extent that it must be consolidated, the initial shareholding is remeasured at fair value at the time of its increase.

In millions of euros	2008	2007
Hedging reserve for cash flow hedges		
Opening balance	1	(14)
Fair value changes	(32)	12
Net gains/(losses) reclassified under profit	-	3
Closing balance	(31)	1
Retained earnings		
Opening balance	19,157	17,055
Net profit attributable to Rabobank Nederland and local Rabobanks	2,089	1,971
Other	58	131
Closing balance	21,304	19,157
Total reserves and retained earnings	20,074	19,684

30 Rabobank Member Certificates issued by a group company

Members' capital relates to the share certificates ('Rabobank Member Certificates') issued in 2000, 2001, 2002 and 2005 in the capital of Rabobank Ledencertificaten N.V. ('RLC I'), Rabobank Ledencertificaten II N.V. ('RLC II') and Rabobank Ledencertificaten III N.V. ('RLC') respectively (hereinafter RLC I, RLC II and RLC are jointly referred to as the 'RLC companies').

In 2000, RLC I issued 40 million shares. The total proceeds of this issue amounted to 1,000. In 2000, RLC I granted Rabobank Nederland a 900 deep-subordinated loan with a term of 31 years. In 2001, RLC I issued an additional 60 million shares. The total proceeds of this issue amounted to 1,575. In 2001, RLC I granted Rabobank Nederland a 1,350 deep-subordinated loan with a term of 30 years. In 2007, RLC I granted Rabobank Nederland a third deep-subordinated loan of 250 with a term of 24 years.

In 2002, RLC II issued 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. In 2007, RLC II granted Rabobank Nederland a second deep-subordinated loan of 165 with a term of 27 years. In 2005, RLC issued 40 million shares. The total proceeds of this issue amounted to 2,000. In 2005, RLC I granted Rabobank Nederland a 1,999 deep-subordinated loan with a term of 35 years.

With effect from 30 September 2008, the terms and conditions of the Rabobank Member Certificates were amended. For instance, the remaining terms to maturity of the subordinated loans granted to Rabobank Nederland by RLC I and RLC II were adjusted to the remaining terms to maturity of the subordinated loan granted to Rabobank Nederland by RLC (29 September 2040) as a result of this amendment.

On 30 December 2008, the legal merger between RLC (as the acquiring company), RLC I and RLC II became effective (the 'Merger'). As a consequence of the Merger, RLC (known after the Merger as: Rabobank Ledencertificaten N.V.) acquired all the capital of RLC I and RLC II by universal title and RLC I and RLC II ceased to exist.

After the Merger became effective, the loan agreements existing between the RLC companies and Rabobank Nederland were combined on 30 December 2008, as a result of which the existing subordinated loans were combined into a single subordinated loan. Subject to the approval of the Dutch Central Bank this loan may be repaid on 29 September 2040 (the 'Subordinated Loan'). Subject to the approval of the Dutch Central Bank, the Subordinated Loan may be repaid ahead of schedule on 29 September 2035 and on the 29th of the third month of every quarter thereafter. Since the proceeds of the issue are available to Rabobank on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no distribution is made if the consolidated profit and loss account of Rabobank shows a loss for any financial year, the issue proceeds, insofar as they have been lent on to Rabobank Nederland, are recognised in equity in proportion to the number of shares held by members and employees.

The combined loan agreement stipulates that – with effect from 19 March 2009 and where necessary in the opinion of the Dutch Central Bank – the entitlements of RLC under the Subordinated Loan will be restricted to entitlements in the event of dissolution, contingency or bankruptcy of Rabobank Nederland, with the proviso that (i) these entitlements at that time rank *pari passu* with the entitlements of the holders of shares, held by the local Rabobanks as members of Rabobank Nederland, as referred to in Article 73 (7) of the Articles of Association of Rabobank Nederland (therefore subordinated to all other subordinated and other creditors of Rabobank Nederland) and (ii) the remaining liquidation surplus, if any, will be shared with the aforementioned holders of shares in proportion to the entitlements after all subordinated and other creditors of Rabobank Nederland have been satisfied, without RLC retaining a claim should that surplus not suffice. Subject to the prior written approval of the Dutch Central Bank, the aforementioned no longer applies if the reason why this stipulation became operative ceases to exist. Furthermore, the agreement stipulates that - with effect from 19 March 2009 - if Rabobank Nederland issues new instruments with the objective of fuelling equity, the Dutch Central Bank must be consulted – with a view to the laws and regulations ruling at that time – on the question to what extent the newly to be raised capital is allocated to cover losses incurred in the period prior to that in which the capital was raised.

The distribution per certificate in 2008 was 1.36 for RLC I, 5.44 for RLC II and 2.44 for RLC. RLC has the right not to make a distribution.

At year-end 2008, the number of shares – adjusted to the new notional amount – held by members and employees was 237,849,504 with a net asset value of 6,236. At year-end 2007, the number of shares – adjusted to the new notional amount – held by members and employees was 98,837,631 with an asset value of 2,533 and 65,481,744 with an asset value of 1,719 and 79,075,264 with an asset value of 1,978.

Rabobank Member Certificates

In millions of euros	2008	2007
Changes during the year:		
Opening balance	6,233	5,808
Share premium	154	
Exchange of government bonds for subordinated loans to Rabobank Nederland	-	415
Rabobank Member Certificates issued and cancelled during the year and other	(151)	10
Closing balance	6,236	6,233

31 Capital Securities and Trust Preferred Securities III to VI

Capital Securities can be broken down as follows:

In millions of euros	2008	2007
Capital Securities issued by Rabobank Nederland	1,813	990
Trust Preferred Securities III to VI issued by group companies	1,697	1,789
Closing balance	3,510	2,779

Capital Securities

In 2008, Rabobank Nederland issued Capital Securities for USD 130 million, GBP 250 million, CHF 350 million, ILS 323 million and USD 225 million. The Capital Securities are perpetual and do not mature. The distribution on the Capital Securities per issue is given below.

USD 130 million issue

The distribution is 7% per annum, payable in arrears every six months from the date of issue of 6 June 2008, the first distribution therefore being on 6 December 2008.

GBP 250 million issue

The distribution is 6.567% per annum, payable in arrears every six months from the date of issue of 10 June 2008, the first distribution therefore being on 10 December 2008. As from 10 June 2038, the distribution is payable every six months based on the six-month GBP LIBOR plus a mark-up of 2.825% per annum.

CHF 350 million issue

The distribution is 5.50% per annum, payable in arrears every year from the date of issue of 27 June 2008, the first distribution therefore being on 27 June 2009. As from 27 June 2018, the distribution is payable every six months on 27 June and 27 December based on the six-month CHF LIBOR plus a mark-up of 2.80% per annum.

ILS 323 million issue

The distribution is 4.15% per annum, payable in arrears every year from the date of issue of 14 July 2008, the first distribution therefore being on 14 July 2009. As from 14 July 2018, the distribution is payable every year based on an Index related to the interest rate on Israeli government bonds with a term ranging between four and a half and five and a half years plus a mark-up of 2.0% per annum.

USD 225 million issue

The distribution is 7.375% per annum, payable in arrears every six months from the date of issue of 24 September 2008, the first distribution therefore being on 24 March 2009.

The amount of Rabobank Nederland's net profit may affect the interest payments on the Capital Securities. In the event of insolvency on the part of Rabobank Nederland the Capital Securities are subordinate to the rights of all other (current and future) creditors of Rabobank Nederland unless the rights of those other creditors dictate otherwise.

Trust Preferred Securities III to VI issued by group companies

In 2004, four tranches of non-cumulative Trust Preferred Securities were issued.

- Rabobank Capital Funding Trust III, Delaware, a group company of Rabobank Nederland, issued 1.50 million non-cumulative Trust Preferred Securities. The expected distribution is 5.254% until 21 October 2016. For the period 21 October 2016 to 31 December 2016 inclusive, the expected distribution is equal to the USD LIBOR interpolated for the period, plus 1.5900%. The trust has the right not to make a distribution. Thereafter, the expected distribution is equal to the three-month USD LIBOR plus 1.5900%. The total proceeds from this issue amounted to USD 1,500 million. As from 21 October 2016, these Trust Preferred Securities can be repurchased on each distribution date (which is once a quarter) after prior written approval is received from the Dutch Central Bank.

- Rabobank Capital Funding Trust IV, Delaware, a group company of Rabobank Nederland, issued 350 thousand non-cumulative Trust Preferred Securities. The expected distribution is 5.556% until 31 December 2019, after which the expected distribution is equal to the six-month GBP LIBOR plus 1.4600%. The trust has the right not to make a distribution. The total proceeds from this issue amounted to GBP 350 million. As from 31 December 2019, these Trust Preferred Securities can be repurchased on each distribution date (which is once every half-year) after prior written approval is received from the Dutch Central Bank.
- Rabobank Capital Funding Trust V, Delaware, a group company of Rabobank Nederland, issued 250 thousand non-cumulative Trust Preferred Securities. The expected distribution is equal to the three-month BBSW plus 0.6700% until 31 December 2014 inclusive, after which the expected distribution is equal to the three-month BBSW plus 1.6700%. The trust has the right not to make a distribution. The total proceeds from this issue amounted to AUD 250 million. As from 31 December 2014, these Trust Preferred Securities can be repurchased on each distribution date (which is once a quarter) after prior written approval is received from the Dutch Central Bank.
- Rabobank Capital Funding Trust VI, Delaware, a group company of Rabobank Nederland, issued 250 thousand non-cumulative Trust Preferred Securities. The expected distribution is 6.415% until 31 December 2014, after which the expected distribution is equal to the three-month BBSW plus 1.6700%. The trust has the right not to make a distribution. The total proceeds from this issue amounted to AUD 250 million. As from 31 December 2014, these Trust Preferred Securities can be repurchased on each distribution date (which is once a quarter) after prior written approval is received from the Dutch Central Bank.

A distribution becomes due on the Trust Preferred Securities issued in 1999 and 2003 included under subordinated loans if:

- (i) the most recent, audited and adopted consolidated financial statements of Rabobank Nederland show that Rabobank Group realised a net profit (after tax and extraordinary expenses) in the previous year; or
- (ii) a distribution is made on securities that are more subordinated (such as Rabobank Member Certificates) or on securities of equal rank (pari passu); subject to the proviso that no distribution becomes due should the Dutch Central Bank object (for example, if Rabobank Group's solvency ratio is below 8%).

The condition stated under (i) does not apply to Trust Preferred Securities issued in 2004. The other conditions do apply. If Rabobank Group realises a profit, Rabobank Nederland can make a distribution on these securities at its own discretion.

Trust Preferred Securities

In millions of euros	2008	2007
Changes during the year:		
Opening balance	1,789	1,959
Foreign exchange differences	(92)	(170)
Closing balance	1,697	1,789

32 Minority interests

This item relates to shares held by third parties in subsidiaries and other group companies. Movements in minority interests in 2007 mainly relate to the (de)consolidation effects of structured finance deals and conduits with third-party investors.

In millions of euros	2008	2007
Opening balance	2,713	4,184
Net profit	155	303
Currency translation differences	56	(225)
Exchange of government bonds for subordinated loans to Rabobank Nederland	-	(415)
Associates included in consolidation	289	-
Changes in AFS revaluation reserve	472	(584)
Other	(46)	(550)
Closing balance	3,639	2,713

33 Interest

In millions of euros	2008	2007
Interest income		
Cash and cash equivalents	176	46
Due from other banks	1,654	2,936
Trading financial assets	718	1,483
Other financial assets at fair value through profit and loss	611	1,033
Loans to customers	21,748	21,201
Available-for-sale financial assets	2,282	2,480
Held-to-maturity financial assets	23	41
Accrued interest income on impaired financial assets	-	22
Other	33	114
Total interest income	27,245	29,356

In millions of euros	2008	2007
Interest expense		
Due to other banks	1,564	3,638
Trading financial liabilities	75	101
Due to customers	9,959	10,442
Debt securities in issue	5,940	7,240
Other debts	165	173
Other	1,025	991
Total interest expense	18,728	22,585
Net interest	8,517	6,771

34 Fees and commission

In millions of euros	2008	2007
Fee and commission income		
Asset management	1,264	1,177
Insurance commission	423	361
Trust or fiduciary activities	12	8
Lending	284	261
Purchase and sale of other financial assets	301	517
Payment services	512	411
Custodial fees and securities services	40	45
Handling fees	159	146
Other transactions involving financial instruments	73	133
Other commission income	332	335
Total fee and commission income	3,400	3,394
Fee and commission expense		
Asset management	256	251
Purchase and sale of other financial assets	116	191
Payment services	6	6
Custodial fees and securities services	13	12
Handling fees	34	33
Other commission expense	86	44
Total fee and commission expense	511	537
Net fees and commission	2,889	2,857

35 Income from associates

In millions of euros	2008	2007
Profit of associates	(26)	753
Key figures of associates are as follows:		
Total assets at year-end	101,823	112,021
Total liabilities at year-end	91,951	98,998
Total income	19,737	20,981
Net result	(867)	1,775
Rabobank share of profit of associates	(26)	523
Discontinued/disposed interests	-	230
Total income from associates	(26)	753

36 Net income from financial assets and liabilities at fair value through profit and loss

In millions of euros	2008	2007
Debt instruments and interest rate derivative financial instruments	1,211	(610)
Equity instruments	(2,417)	238
Foreign currencies and other trading income	(565)	435
Net trading income	(1,771)	63
Net income from other financial assets and liabilities	616	(578)
Total net income from financial assets and liabilities at fair value through profit and loss	(1,155)	(515)

Net income from currency trading also includes gains and losses on spot and forward contracts, options, futures and assets and liabilities denominated in foreign currencies. Trading income was depressed by widening credit spreads and by market-to-market results on various positions.

37 Other

The item Other includes non-banking income, such as income from real estate activities of 265 (2007: 397), net income from operating leases of 329 (2007: 319) and gains on the sale of Alex Beleggersbank of 376. Furthermore, this item includes the results on effects that cannot be allocated to individual categories of the profit and loss account.

38 Staff costs

In millions of euros	2008	2007
Wages and salaries	3,342	3,219
Social security contributions and insurance costs	330	301
Pension costs for defined contribution plans	53	24
Pension costs for defined benefit plans	(74)	211
Other post-employment benefits	(10)	23
Other employee costs	649	622
Total staff costs	4,290	4,400

Expressed in FTEs, the average number of employees was 57,652 (2007: 52,655).

39 Other administrative expenses

This item includes office supplies, travel expenses, IT expenses, postage, advertising, rent, maintenance of buildings, etc.

In millions of euros	2008	2007
Other administrative expenses	2,796	2,779

40 Depreciation and amortisation

In millions of euros	2008	2007
Depreciation and amortisation	525	484

41 Value adjustments

In millions of euros	2008	2007
Due from other banks	68	(6)
Loans to customers	1,149	304
Receipts less write-offs	(53)	(32)
Credit related liabilities	17	1
Other assets	8	(1)
Total value adjustments	1,189	266

42 Taxation

In millions of euros	2008	2007
Current income tax		
Year under review	793	196
Prior years	43	61
Deferred tax	(738)	140
Taxation	98	397

The taxation on operating profit of Rabobank differs from the nominal amount based on Dutch standard tax rates. The reconciliation between the two amounts is shown below:

In millions of euros	2008	2007
Profit before taxation	2,852	3,093
Tax exempt income	(1,238)	(1,667)
Non-deductible expenses	40	133
Tax losses not recognised in prior years	(91)	(100)
Other	(119)	(296)
	1,444	1,163
Income tax expense based on a rate of 25.5% (2007: 25.5%)	368	296
Effect of change in tax losses	(5)	-
Effect of different tax rates in other countries and other non-recurring		
tax income and charges	(265)	101
Taxation	98	397

43 Acquisitions and disposals

Acquisitions and disposals of subsidiaries

There were no major disposals of subsidiaries in 2008. The main acquisition made in 2008 relates to the increase of the interest in Bank BGZ.

The fair values of the identifiable assets and liabilities of Bank BGZ are as follows:

In millions of euros	Bank BGZ	
	Recognised at fair value upon acquisition	Carrying amount
Financial assets	5,502	5,502
Intangible assets	16	16
Newly identified intangible assets	169	-
Property and equipment	193	117
Other assets	77	77
Total identifiable assets	5,957	5,712
Due to other banks	433	433
Other liabilities	4,724	4,675
Total identifiable liabilities	5,157	5,108
Total net equity	800	604

44 Transactions with related parties

Two parties are considered related if one party exercises control or has significant influence over the other party (regarding finance or operating decisions). In the normal course of business, Rabobank conducts a wide variety of transactions with related entities, involving different types of loans, deposits and transactions in foreign currencies. Transactions between related parties also include transactions with subsidiaries, associates, joint venture entities, shareholders and senior management, as well as transactions between subsidiaries. All these transactions were at arm's length. In accordance with IAS 24.4, transactions within the Rabobank Group are eliminated in the preparation of the consolidated financial statements.

In the normal course of Rabobank's business operations, banking transactions are carried out with related parties. These involve loans, deposits and transactions in foreign currencies. All these transactions were at arm's length and against market prices. The volumes of related party transactions, year-end outstanding balances and the corresponding income and expenses during the year are given on the next page:

In millions of euros	Associates		Other related parties	
	2008	2007	2008	2007
Loans				
Outstanding at beginning of year	545	545	23	29
Granted during the year	168	-	2	-
Repaid during the year	(444)	-	(2)	(6)
Loans at end of the year	269	545	23	23
Due to other banks and due to customers				
Outstanding at beginning of the year	6,281	6,265	-	-
Received during the year	37	16	-	-
Repaid during the year	(623)	-	-	-
Deposits at 31 December	5,695	6,281	-	-
Other liabilities	91	91	12	(6)
Credit liabilities and other guarantees issued by Rabobank	1,475	2,154	332	18
Income				
Interest income	24	39	3	56
Commission income	299	261	-	114
Trading income	(42)	33	-	-
Other	32	47	70	153
Total income from transactions with related parties	313	380	73	323
Expense				
Interest expense	69	84	4	76
Commission expense	12	19	1	5
Total expenses from transactions with related parties	81	103	5	81

45 Fees for services in accordance with Section 382a of Book 2 of the Dutch Civil Code

In millions of euros	2008	2007
Financial statements audit	13	12
Other audit engagements	2	1
Total	15	13

46 Supervisory Board and Executive Board

The members of the Supervisory Board and the Executive Board are listed on page 69 of these consolidated financial statements. The remuneration of members and former members of the Executive Board amounted to 9.0 in 2008 (2007: 10.8). This amount is included under staff costs.

It can be broken down as follows.

In millions of euros	2008	2007
Salaries	6.7	7.1
Pension charges	1.1	1.2
Performance related bonuses	1.0	2.3
Other	0.2	0.2
Total	9.0	10.8

The pension plan for the members of the Supervisory Board qualifies as a defined benefit plan.

The total remuneration of members and former members of the Supervisory Board amounted to 1.6 (2007: 1.4).

At year-end 2008, loans and advances granted to members of the Supervisory Board and the Executive Board totalled 4.6 (2007: 4.9) and 3.9 (2007: 4.0) respectively.

47 Principal subsidiaries and associates

Name	Share	Voting rights
Subsidiaries		
Netherlands		
De Lage Landen International B.V.	100%	100%
Rabo Vastgoedgroep N.V.	100%	100%
OWM Rabobanken B.A.	100%	100%
Obvion N.V.	50%	70%
Rabohypotheekbank N.V.	100%	100%
Rabobank Ledencertificaten N.V.	100%	100%
Rabo Merchant Bank N.V.	100%	100%
Rabo Wielerploegen B.V.	100%	100%
Raiffeisenhypotheekbank N.V.	100%	100%
Robeco Groep N.V.	100%	100%
Schretlen & Co N.V.	100%	100%
Other Euro zone/EU countries		
ACC Bank Plc	100%	100%
Rest of Europe		
Bank Sarasin & Cie S.A.	46%	69%
B.G.Z. S.A.	59%	59%
North America		
Rabobank Capital Funding LCC II to VI	100%	100%
Rabobank Capital Funding Trust II to VI	100%	100%
Utrecht America Holdings Inc.	100%	100%
Australia and New Zealand		
Rabobank Australia Limited	100%	100%
Rabobank New Zealand Limited	100%	100%
Associates		
Netherlands		
Eureko B.V.	39%	39%
Equens N.V.	17%	17%
Gilde Venture Capital funds	Divers	Divers

Rabobank holds less than 20% of the voting rights in Equens, but has significant influence over Equens. For instance, two members of the Supervisory Board of Equens as well as the chairman of the Audit & Compliance Committee are Rabobank representatives. On account of Rabobank's significant influence over Equens, the interest qualifies as an associate.

48 Reverse repurchase transactions and securities borrowing agreements

Reverse repurchase transactions and securities borrowing agreements concluded by Rabobank are included under 'Due from other banks' and 'Loans to customers'. At 31 December, they amounted to:

In millions of euros	2008	2007
Due from other banks	4,621	29,738
Loans to customers	3,844	14,422
Total reverse repurchase transactions and securities borrowing agreements	8,465	44,160

Under the terms of the reverse repurchase transactions and securities borrowing agreements, Rabobank receives collateral that it can pledge or sell to third parties. The total fair value of the securities received under the terms of the agreements was 8,500 at 31 December 2008 (2007: 44,344). In accordance with the agreement terms, a portion of the securities was repledged or sold as collateral. These transactions were effected subject to the normal conditions for standard reverse repurchase transactions and securities borrowing agreements.

49 Repurchase transactions and securities lending agreements

Repurchase transactions and securities lending agreements concluded by Rabobank are included under 'Due from/to other banks', 'Due to Customers' and 'Other loans'. At 31 December, they amounted to:

In millions of euros	2008	2007
Due to other banks	1,712	7,416
Due to customers	664	3,694
Total repurchase and securities lending	2,376	11,110

At 31 December 2008 and 2007, interest-bearing securities with a carrying amount of 2,378 and 11,118 respectively had been provided as collateral for repurchase and similar agreements. In general, the counterparty has the right to resell or repledge the securities. These transactions were performed subject to the normal conditions for standard repurchase transactions and securities lending agreements.

50 Securitisations

As part of Rabobank Group's financing activities and the reduction of credit risk, cash flows from certain financial assets are transferred to third parties. Most financial assets subject to these transactions are mortgage and other loan portfolios. After securitisation, the assets continue to be recognised in Rabobank Group's balance sheet under 'Loans to customers'. The carrying amount of these financial assets is 78,541 (2007: 68,650) and the corresponding liability amounts to some 79,570 (2007: 69,727).

51 Management's report on internal control over financial reporting

The management of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) is responsible for establishing and maintaining adequate internal control over financial reporting. Management is also responsible for the preparation and fair presentation of the consolidated financial statements.

Rabobank Nederland's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the European Union.

All internal control systems, no matter how well designed, have inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that control may become inadequate, because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Rabobank Nederland's internal control over financial reporting as of 31 December 2008 based on the framework set forth by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) established in Internal Control – Integrated Framework. Based on that assessment, management concluded that, as of 31 December 2008, Rabobank Nederland's internal control over financial reporting is effective based on the criteria established by COSO.

Ernst & Young Accountants LLP, which have audited the consolidated financial statements of Rabobank Nederland for the fiscal year ended 31 December 2008, also examined management's assessment of the effectiveness of Rabobank Nederland's internal control over financial reporting and the effectiveness of Rabobank Nederland's internal control over financial reporting; their report is included on page 72.

Bert Heemskerk (H.)

Bert Bruggink (A.)

52 Approval by Supervisory Board

The publication of these consolidated financial statements was approved by the Supervisory Board on 2 March 2009. The General Meeting will adopt these financial statements in June 2009.

Executive Board

Bert Heemskerk (H.), *chairman*

Bert Bruggink (A.)

Piet Moerland (P.W.)

Sipko Schat (S.N.)

Piet van Schijndel (P.J.A.)

Supervisory Board

Lense Koopmans (L.), *chairman*

Antoon Vermeer (A.J.A.M.), *deputy chairman*

Sjoerd Eisma (S.E.), *secretary*

Leo Berndsén (L.J.M.)

Bernard Bijvoet (B.)

Louise Fresco (L.O.)

Marinus Minderhoud (M.)

Paul Overmars (P.F.M.)

Herman Scheffer (H.C.)

Martin Tielen (M.J.M.)

Aad Veenman (A.W.)

Cees Veerman (C.P.)

Arnold Walravens (A.H.C.M.)

Auditor's report

To the Executive Board and Supervisory Board of Rabobank Nederland

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2008 which are part of the financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Amsterdam, which comprise the consolidated balance sheet as at 31 December, 2008, the consolidated profit and loss account, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive Board's responsibility

The Executive Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Rabobank Nederland as at 31 December, 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Executive Board report is consistent with the consolidated financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 2 March 2009

Ernst & Young Accountants LLP

/s/ G.H.C. de Meris

Assurance report

To the Executive Board and Supervisory Board of Rabobank Nederland

Assurance report

We have performed an assurance engagement on internal control over financial reporting.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting policies. A company's internal control over financial reporting includes those policies and procedures that:

- 1 pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2 provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting policies, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3 provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Executive Board's responsibility

The Executive Board of Rabobank Nederland is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

Auditor's responsibility

Our responsibility is to conclude on the Executive Board's assessment and on the effectiveness of Rabobank Nederland's internal control over financial reporting based on the procedures performed during our assurance engagement.

We conducted our assurance engagement in accordance with Dutch law, including ISAE 3000 'Assurance engagements other than audits or reviews of historical financial information' based on criteria established in 'Internal Control – Integrated Framework', issued by the Committee of Sponsoring Organisations of the Treadway Commission (the COSO criteria).

This requires that we plan and perform the assurance engagement to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our assurance engagement included obtaining an understanding of internal control over financial reporting, evaluating the assessment of Rabobank Nederland's Executive Board, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed we conclude that the Executive Board's conclusion that, as of 31 December 2008, Rabobank Nederland's internal control over financial reporting is effective, is fairly stated, in all material respects, based on the COSO criteria. We also conclude that Rabobank Nederland maintained, in all material respects, effective internal control over financial reporting as of 31 December 2008, based on the COSO criteria.

Utrecht, 2 March 2009

Ernst & Young Accountants LLP

/s/ G.H.C. de Meris

HISTORICAL FINANCIAL INFORMATION KEY FIGURES RABOBANK GROUP

Volume of services					
Total assets	612,120	570,491	556,455	506,573	483,574
Private sector loan portfolio	408,620	368,709	324,110	278,095	248,958
Due to customers	304,214	276,610	234,917	186,427	177,482
Assets under management and held in custody for clients	183,600	231,800	219,300	156,200	140,300
Financial position and solvency					
Equity	33,459	31,409	29,377	26,349	23,004
Tier I capital ¹	30,358	28,518	26,391	24,860	21,404
Qualifying capital ¹	30,912	29,190	27,114	25,272	21,205
Risk-weighted assets ¹	238,080	266,573	247,458	213,901	196,052
Profit and loss account					
Income	11,652	11,022	10,049	9,363	9,222
Operating expenses	7,611	7,663	6,887	6,242	6,177
Value adjustments	1,189	266	450	517	479
Taxation	98	397	367	521	773
Net profit	2,754	2,696	2,345	2,083	1,793
Ratios					
Tier I ratio ¹	12.7%	10.7%	10.7%	11.6%	10.9%
BIS ratio ¹	13.0%	10.9%	11.0%	11.8%	10.8%
Net profit growth	2%	15%	13%	16%	12%
Return on equity	9.7%	10.2%	9.4%	9.7%	9.1%
Efficiency ratio	65.3%	69.5%	68.5%	66.7%	67.0%
Nearby					
Member banks	153	174	188	248	288
Offices	1,112	1,159	1,214	1,249	1,299
Cash dispensing machines	3,097	3,107	3,139	3,116	3,062
Members (x 1,000)	1,707	1,638	1,641	1,551	1,456
Client satisfaction private individuals	7.7	7.5	7.5	7.4	7.3
Foreign places of business	569	349	330	267	244
Market shares (in the Netherlands)					
Mortgages	30%	28%	26%	23%	25%
Savings	43%	41%	39%	39%	39%
Small and medium-sized enterprises	39%	38%	38%	38%	40%
Food & agri	84%	84%	84%	83%	84%
Ratings					
Standard & Poor's	AAA	AAA	AAA	AAA	AAA
Moody's Investor Service	Aaa	Aaa	Aaa	Aaa	Aaa

1 These figures have been based on the Basel II requirements with effect from 2008.

2 These data cover 92% and 91%, respectively, of the number of FTEs of the Rabobank Group.

3 These data cover 90% of the number of FTEs of the Rabobank Group.

Amounts in millions of euros	2008	2007	2006	2005	2004
Personell data					
Number of employees (in FTEs)	60,568	54,737	50,573	45,580	50,216
Employee satisfaction	86%	85%	87%	81%	85%
Absenteeism	3.8%	3.8%	3.6%	3.7%	3.8%
Females employed	55.1%	55.4%	55.6%	56.3%	55.6%
Females in senior positions (> scale 7)	22.1%	20.7%	19.9%	19.0%	17.8%
WIA-influx	0.20%	0.15%	0.18%	-	-
Training expenses	99.9	98.0	76.9	68.7	69.0
Training expenses in EUR per FTE	1,649	1,790	1,518	1,509	1,374
Products and services specifically geared to sustainability					
Investment					
Rabo Green Bonds (cumulative)	3,622	3,518	3,130	2,644	1,984
Robeco sustainable assets	2,620	5,247	105	88	81
Robeco sustainable equity funds	516	420	191	122	5
Sarasin sustainable assets	4,363	4,778	-	-	-
Sarasin private equity funds	123	-	-	-	-
Third party sustainable investment products (via Schretlen & Co ... and Rabobank Private Banking)	159	124	65	-	-
Robeco sustainable capital subject to engagement	9,555	15,125	5,249	-	-
Sarasin sustainable capital subject to engagement	1,069	-	-	-	-
Rabo sustainable seed capital, venture capital and private equity	138	3	10	4	3
Payments, savings, loans					
Green financing (outstanding)	3,373	2,882	2,409	2,184	1,814
Green saving	125	106	-	-	-
Climate mortgage loan					
- number	934	250	-	-	-
- amount	71.7	19.2	-	-	-
Stimulation loan, start-up loan, and Growth & Innovation loan ... (loans managed by Stichting Garantiefonds Rabobank)	451	367	267	-	-
Loans with Landbouw BF/BF+ surety fund	355	364	376	-	-
Non-commercial sustainable activities (in millions of euro's)					
Rabobank Foundation, loans and donations	17.0	10.6	15.9	10.1	7.4
Project Funds, donations	3.7	1.1	1.3	1.6	2.8
Donations by local Rabobanks	20.4	20.3	-	-	-
Donations Rabobank Netherlands, Rabobank International ... and other Group entities	3.8	-	-	-	-
Business operations					
CO ₂ -emissions attributable to business operations ... (tonnes CO ₂ x1,000)	176	176	-	-	-
CO ₂ per FTE (tonnes CO ₂)	3.0	3.1	-	-	-
Electricity usage (kWh per FTE) ²	5,050	4,705	4,580	4,276	3,352
Share of green electricity ²	85%	85%	86%	96%	25%
Gas usage (in m ³ per m ² gross floor area) ³	9.6	8.3	8.1	8.7	8.1
A4 Paper usage (kg per fte) ⁴	39.1	45.2	48.7	50.6	46.5
Lease portfolio A, B and C cars (% of total)	73.3%	70.8%	-	-	-

4 These data cover 99% of the FTEs of Rabobank Netherlands, local Rabobanks and Group entities Netherlands related to the share that is purchased centrally.



Consolidated balance sheet

In millions of euros	At 31 December	At 31 December
	2007	2006
Assets		
Cash and cash equivalents	2,129	1,630
Due from other banks	43,218	49,086
Trading financial assets	29,179	36,789
Other financial assets at fair value through profit and loss	18,133	21,468
Derivative financial instruments	26,089	18,992
Loans to customers	372,968	354,924
Available-for-sale financial assets	50,355	48,961
Held-to-maturity financial assets	859	1,489
Investments in associates	4,558	3,250
Intangible assets	3,183	1,844
Property and equipment	5,572	5,022
Investment properties	1,105	1,338
Current tax assets	419	176
Deferred tax assets	1,577	1,477
Other assets	11,159	10,009
.....		
.....		
.....		
.....		
Total assets	570,503	556,455

In millions of euros	At 31 December 2007	At 31 December 2006
Liabilities		
Due to other banks	73,428	94,626
Due to customers	249,515	234,917
Debt securities in issue	141,812	128,066
Derivative financial instruments and other trade liabilities	31,097	26,694
Other debts	10,518	10,649
Other financial liabilities at fair value through profit and loss	27,303	26,270
Provisions	1,167	1,175
Current tax liabilities	202	172
Deferred tax liabilities	851	836
Employee benefits	941	1,223
Subordinated debt	2,294	2,450
Total liabilities	539,128	527,078
Equity		
Equity of Rabobank Nederland and local Rabobanks	19,650	17,426
Rabobank Member Certificates issued by group companies	6,233	5,808
.....	25,883	23,234
Capital Securities and Trust Preferred Securities III to VI	2,779	1,959
Minority interests	2,713	4,184
Total equity	31,375	29,377
Total equity and liabilities	570,503	556,455

Consolidated profit and loss account

In millions of euros	For the year ended 31 December 2007	For the year ended 31 December 2006
Interest income.....	29,356	25,059
Interest expense.....	22,585	18,587
Interest.....	6,771	6,472
Fee and commission income.....	3,394	2,741
Fee and commission expense.....	537	445
Fees and commission.....	2,857	2,296
Income from associates.....	753	556
Net income from financial assets and liabilities at fair value ...through profit and loss.....	(38)	246
Gains on available-for-sale financial assets.....	64	7
Other.....	1,092	472
Income.....	11,499	10,049
Staff costs.....	4,445	4,117
Other administrative expenses.....	2,846	2,429
Depreciation and amortisation.....	418	341
Operating expenses.....	7,709	6,887
Value adjustments.....	742	450
Operating profit before taxation.....	3,048	2,712
Taxation.....	386	367
Net profit.....	2,662	2,345
Of which attributable to Rabobank Nederland and local Rabobanks.....	1,937	1,757
Of which attributable to holders of Rabobank Member Certificates.....	299	277
Of which attributable to Capital Securities.....	17	-
Of which attributable to Trust Preferred Securities III to VI.....	106	110
Of which attributable to minority interests.....	303	201
Net profit for the year.....	2,662	2,345
See the notes to the consolidated financial statements.....		

Consolidated statement of changes in equity

In millions of euros	Equity of Rabobank Nederland and local Rabobanks	Rabobank Member Certificates	Capital Securities and TPS	Minority interests	Total equity
At 1 January 2006	15,450	5,811	2,092	2,996	26,349
(Note 29)					
Arising in the period (after taxation):					
Net fair value changes – available-for-sale financial assets	(277)	-	-	-	(277)
Net fair value changes – associates	94	-	-	-	94
Net fair value changes – cash flow hedges	(16)	-	-	-	(16)
Other changes	11	-	-	-	11
Currency translation differences	(14)	-	(133)	(191)	(338)
Reclassified to net profit for the year – available-for-sale financial assets	295	-	-	-	295
Total income and expense for the year recognised					
directly in equity	93	-	(133)	(191)	(231)
Net profit for the year	1,757	277	110	201	2,345
Total income and expense	1,850	277	(23)	10	2,114
Payment on Rabobank Member Certificates and Trust Preferred Securities III to VI	-	(277)	(110)	-	(387)
Other	126	(3)	-	1,178	1,301
At 31 December 2006	17,426	5,808	1,959	4,184	29,377
At 1 January 2007	17,426	5,808	1,959	4,184	29,377
(Note 29)					
Arising in the period (after taxation):					
Net fair value changes – available-for-sale financial assets	(39)	-	-	(584)	(623)
Net fair value changes – associates	70	-	-	-	70
Net fair value changes – cash flow hedges	12	-	-	-	12
Currency translation differences	(205)	-	(170)	(225)	(600)
Reclassified to net profit for the year – available-for-sale financial assets	315	-	-	-	315
Total income and expense for the year recognised					
directly in equity	153	-	(170)	(809)	(826)
Net profit for the year	1,937	299	123	303	2,662
Total income and expense	2,090	299	(47)	(506)	1,836
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI and Capital Securities	-	(299)	(123)	-	(422)
Issue of Capital Securities	-	-	990	-	990
Exchange of government bonds for subordinated loans to Rabobank Nederland	-	415	-	(415)	-
Other	134	10	-	(550)	(406)
At 31 December 2007	19,650	6,233	2,779	2,713	31,375

Consolidated cash flow statement

In millions of euros	For the year ended 31 December	For the year ended 31 December
	2007	2006
Cash flows from operating activities		
Operating profit before taxation	3,048	2,712
Adjusted for:		
Non-cash items recognised in profit and loss		
Depreciation and amortisation	418	341
Value adjustments	742	450
Result on sale of property and equipment	(9)	(14)
Share of (profit) of associates and result on sale of subsidiaries	(698)	(527)
Fair value results on investment properties	(6)	2
Fair value results on financial assets and liabilities at fair value through profit and loss	38	(246)
Net result on available-for-sale financial assets	(64)	(7)
Net change in operating assets:		
Due from other banks	(15,330)	7,874
Trading financial assets	7,610	2,222
Derivative financial instruments	(7,097)	5,143
Net change in non-trading financial assets at fair value through profit and loss	3,335	(4,019)
Loans to customers	(18,044)	(50,473)
Net change in liabilities relating to operating activities:		
Derivative financial instruments and other trade liabilities	4,403	(4,488)
Due to customers	14,598	29,472
Debt securities in issue	13,746	12,074
Other debts	(131)	3,583
Income tax paid	(833)	(809)
Other changes	1,076	(2,285)
Net cash flow from operating activities	6,802	1,005
Cash flow from investing activities		
Acquisition of subsidiaries net of cash and cash equivalents acquired	(431)	1,714
Disposal of subsidiaries net of cash and cash equivalents	18	3
Acquisition of property and equipment and investment properties	(559)	(646)
Proceeds from sale of property and equipment	398	330
Acquisition of available-for-sale financial assets and held-to-maturity financial assets	(21,443)	(16,160)
Proceeds from sale and repayment of available-for-sale financial assets and held-to-maturity financial assets	15,156	12,861
Net cash flow from investing activities	(6,861)	(1,898)
Cash flows from financing activities		
Proceeds from issue of Capital Securities	990	-
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI and Capital Securities	(422)	(387)
Repayment of subordinated debt	(10)	(13)
Net cash flow from financing activities	558	(400)
Net change in cash and cash equivalents	499	(1,293)
Cash and cash equivalents at beginning of year	1,630	2,923
Cash and cash equivalents at end of year	2,129	1,630
The cash flows from interest are included in the net cash flow from operating activities		
Interest income	28,831	24,675
Interest expense	21,620	17,740

Balance sheet of Rabobank Nederland (before profit appropriation)

In millions of euros	Note	At 31 December 2008	At 31 December 2007
Assets			
Cash	1	4,865	812
Short-term government securities	2	996	2,682
Professional securities transactions		4,157	29,388
Other banks		<u>151,818</u>	<u>124,107</u>
Banks	3	155,975	153,495
Public sector lending		7,646	4,897
Private sector lending		110,281	102,856
Professional securities transactions		<u>3,519</u>	<u>15,090</u>
Lending	4	121,446	122,843
Interest-bearing securities	5	93,832	104,855
Shares	6	1,581	9,501
Interest in group companies	7	10,839	10,144
Other equity interests	8	2,975	3,885
Property and equipment	9	592	512
Intangible assets	10	411	296
Other assets	11	1,054	2,870
Derivative financial instruments	12	69,820	29,213
Prepayments and accrued income	13	<u>3,747</u>	<u>4,160</u>
Total assets		468,133	445,268

In millions of euros	Note	At 31 December 2008	At 31 December 2007
Equity and liabilities			
Professional securities transactions		502	6,765
Other banks		<u>72,881</u>	<u>79,550</u>
Banks	14	73,383	86,315
Savings		5,705	4,388
Professional securities transactions		1,286	8,771
Other due to customers		<u>125,960</u>	<u>126,466</u>
Due to customers	15	132,951	139,625
Debt securities	16	125,136	129,179
Other liabilities	17	44,809	38,756
Derivative financial instruments	18	70,621	29,535
Accruals and deferred income		3,503	4,394
Provisions	19	<u>567</u>	<u>1,779</u>
		450,970	429,583
Subordinated loans	20	10,213	10,274
Capital		2,004	638
Capital Securities		1,813	990
Revaluation reserve and translation differences		(884)	508
Statutory undistributed earnings reserve		-	244
Other reserves		2,915	1,912
Profit for the year		<u>1,102</u>	<u>1,119</u>
Equity	21	<u>6,950</u>	<u>5,411</u>
Capital base		<u>17,163</u>	<u>15,685</u>
Total equity and liabilities		468,133	445,268
Contingent liabilities	22	13,547	14,162
Irrevocable facilities	23	31,781	38,045

Profit and loss account of Rabobank Nederland

In millions of euros	For the year ended 31 December	
	2008	2007
Income from associates after tax.....	1,290	1,516
Other income/(expense) after tax.....	(188)	(397)
Net profit	1,102	1,119
Prepared in accordance with Section 402 of Book 2 of the Dutch Civil Code.....		

Balance sheet of Rabobank Nederland (before profit appropriation)

In million of euros	At 31 December	
	2007	2006
Assets		
Cash (1)	812	494
Short-term government securities (2)	2,682	2,808
Professional securities transactions	29,388	36,153
Other banks	124,107	118,699
Banks (3)	153,495	154,852
Public sector lending	4,897	3,004
Private sector lending	102,856	97,853
Professional securities transactions	15,090	28,672
Lending (4)	122,843	129,529
Interest-bearing securities (5)	104,855	73,788
Shares (6)	9,501	8,580
Interest in group companies (7)	10,144	8,676
Other equity interests (8)	3,885	2,700
Property and equipment (9)	512	411
Intangible assets	296	243
Other assets (10)	2,870	1,381
Derivative financial instruments (11)	29,213	21,852
Prepayments and accrued income	4,160	3,506
Total assets	445,268	408,820

In million of euros	At 31 December	
	2007	2006
Equity and liabilities		
Professional securities transactions	6,765	16,389
Other banks	106,645	111,648
Banks (12)	113,410	128,037
Savings	4,388	2,847
Professional securities transactions	8,771	19,742
Other due to customers	99,371	90,573
Due to customers (13)	112,530	113,162
Debt securities (14)	129,179	117,137
Other liabilities (15)	38,745	7,563
Derivative financial instruments (16)	29,535	23,340
Accruals and deferred income	4,394	3,781
Provisions (17)	1,824	2,104
	429,617	395,124
Subordinated loans (18)	10,274	10,171
Capital (19)	638	638
Capital Securities (20)	990	-
Revaluation reserve and translation differences (21)	508	422
Statutory undistributed earnings reserve (22)	244	134
Other reserves (23)	1,912	1,201
Profit for the year	1,085	1,130
Equity	5,377	3,525
Capital base	15,651	13,696
Total equity and liabilities	445,268	408,820
Contingent liabilities (24)	14,162	11,290
Irrevocable facilities (25)	38,045	37,005

Profit and loss account of Rabobank Nederland

In million of euros	For the year ended at 31 December	
	2007	2006
Income from associates after tax.....	1,516	1,661
Other income/(expense) after tax.....	(431)	(531)
Net profit	1,085	1,130
Prepared in accordance with Section 402 of Book 2 of the Dutch Civil Code.....		

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