



Rabobank

Rabobank Nederland

(Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.)

# Investment Statement

September 10, 2007



For an offer of Perpetual Non-Cumulative  
Capital Securities of up to \$400 million  
(with the option to accept unlimited oversubscriptions at its discretion)

Joint Lead Manager and Organising Participant

 FIRST NZ CAPITAL

Arranger

CREDIT SUISSE 

Joint Lead Manager





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This is an Investment Statement for the purposes of the Securities Act 1978 and is dated and has been prepared as at September 10, 2007. It is an important document and should be read in its entirety.

# Important Information

*(The information in this section is required under the Securities Act 1978)*

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

## Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

- What sort of investment is this? 42
- Who is involved in providing it for me? 43
- How much do I pay? 44
- What are the charges? 46
- What returns will I get? 46
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In addition to the information contained in this document, important information can be found in the current General Disclosure Statement of Rabobank Nederland. You are entitled to a copy of that document on request.

## Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- whether the adviser gives advice only about particular types of investments; and
- whether the advice is limited to the investments offered by one or more particular financial organisations; and
- whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- if an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

# PART 1

## Important notice

The purpose of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for the Capital Securities. Investors should note that other important information is available in Rabobank Nederland's recent General Disclosure Statements (which contains Rabobank Nederland's financial statements) and in the Terms and Conditions applicable to the Capital Securities which are set out in full in Part 5. Copies of Rabobank Nederland's recent General Disclosure Statements may be obtained free of charge from Computershare Investor Services Limited at Level 2, 159 Hurstmere Road, Takapuna, Auckland, or from Head Counsel, New Zealand, Rabobank Nederland at Level 12, AXA House, 80 The Terrace, Wellington or by phoning +64 (4) 819 2700 or at [http://www.rabobank.co.nz/inside\\_rabobank/about\\_rabobank/disclosure\\_invest\\_statements/index.html](http://www.rabobank.co.nz/inside_rabobank/about_rabobank/disclosure_invest_statements/index.html) (the latest full annual report for the Rabobank Group which supplements these General Disclosure Statements is available at [http://www.rabobank.com/content/investor\\_relations/reports/](http://www.rabobank.com/content/investor_relations/reports/)). In addition to the important information contained in the recent General Disclosure Statements, on August 29, 2007 Rabobank Nederland publicly released its half year financial information. It is not anticipated that the most recent half year financial information will be published in a General Disclosure Statement until September 30, 2007; this information is, however, available at <http://www.rabobank.com/content/news/>.

This Investment Statement only constitutes an offer of Capital Securities to the public in New Zealand and to investors in other jurisdictions where the Capital Securities may be lawfully offered. No action has been or will be taken by Rabobank Nederland which would permit an offer of Capital Securities to the public, or possession or distribution of any offering material, in any country or jurisdiction where

action for that purpose is required (other than New Zealand). Capital Securities may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No Holder, or any other person, may purchase, offer, sell, distribute or deliver Capital Securities, or have in its possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Capital Securities, in any jurisdiction other than in compliance with all applicable laws and regulations.

By applying for Capital Securities, each applicant indemnifies Rabobank Nederland in respect of any loss, cost, liability or expense sustained or incurred by Rabobank Nederland as a result of that applicant breaching the selling restrictions described above.

Rabobank Nederland has engaged Credit Suisse to provide it with assistance in preparing this Investment Statement. Credit Suisse has provided this assistance to Rabobank Nederland solely in its professional capacity. Credit Suisse is not a lead manager, co-manager or an organising participant and applications cannot be made to it.

This Investment Statement does not constitute a recommendation by Credit Suisse, the Joint Lead Managers or Rabobank Nederland to subscribe for, or purchase, any of the Capital Securities.

All references in this Investment Statement to "Conditions" are to the Terms and Conditions applicable to the Capital Securities, which are set out in full in Part 5. Capitalised terms used in this Investment Statement have defined meanings which appear in the Glossary from page 94 or in Condition 1.

## PART 2

# Summary of the main terms of the offer

### Important dates

Opening Date	September 17, 2007
Closing Date*	October 5, 2007
Margin Determination Date	September 14, 2007
Initial Rate Determination Date	October 8, 2007, and on each October 8 thereafter until (and including) October 8, 2016
Issue Date	October 8, 2007
Expected date of initial quotation and trading on NZDX	October 9, 2007
First Interest Payment Date	January 8, 2008
Subsequent Interest Payment Dates	April 8, July 8, October 8 and January 8 in each year until the Capital Securities are redeemed
First Call Date	October 8, 2017
Floating Rate Determination Date	October 8, 2017, and on each January 8, April 8, July 8 and October 8 thereafter until the Capital Securities are redeemed
First Conditional Call Date	October 8, 2037

\* Rabobank Nederland reserves the right to close the offer early. Any change to the Closing Date will be advised by NZX announcement.

### The offer

This is an offer by Rabobank Nederland of up to \$400 million of Capital Securities with the ability to accept oversubscriptions for additional Capital Securities. The maximum amount of oversubscriptions which may be accepted by Rabobank Nederland is unlimited and will be determined at Rabobank Nederland's discretion. The offer is available to institutions, to certain customers of Rabobank



Nederland and to other members of the public who may participate in the offer through an NZX Firm.

There is no pool of Capital Securities generally available to members of the public.

## Who may apply

Capital Securities are offered to New Zealand resident investors and investors in other jurisdictions where the Capital Securities may be lawfully offered.

## How to apply

Instructions on how to apply for the Capital Securities are contained on page 44 under the heading *How much do I pay?*

## Use of funds

The funds raised by this offer will constitute Tier 1 Capital<sup>1</sup> of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland, and will be used for the general corporate purposes of the Rabobank Group.

## Credit rating

As at the date of this Investment Statement, the Capital Securities are expected to be assigned on the Issue Date a long-term credit rating of Aa2 from Moody's, AA from Standard & Poor's and AA from Fitch Ratings. A credit rating is not a recommendation to invest in the Capital Securities and may be subject to revision, suspension or withdrawal at any time.

## Issue Price

The issue price of each Capital Security is \$1.00.

## Minimum application and early application interest

The minimum application amount in respect of the Capital Securities is \$5,000 and in multiples of \$1,000 thereafter.

Rabobank Nederland will pay interest at the Official Cash Rate on application money received in respect of accepted applications for Capital Securities from (and including) the date the cheque is banked or the application is settled through the Austraclear System until (but excluding) the Issue Date. Such interest (less any applicable withholding tax) will be paid to successful applicants within five Business Days after the Issue Date and will be paid into the bank account nominated by such applicants on the Application Form.

## Interest

The Interest Rate on the Capital Securities will be as follows:

- (a) For the first ten years (until October 8, 2017): the Initial Rate, which is equal to the sum of the Benchmark Rate (the one-year swap rate), which is reset annually, plus the Margin;
- (b) Thereafter (from October 8, 2017): the Floating Rate, which is equal to the sum of 3-month NZD-BBR-FRA (the 90 day bank bill rate), which is reset quarterly, plus the Margin.

<sup>1</sup> Tier 1 Capital is the core measure of a bank's financial strength from a regulator's point of view. It consists of the types of capital considered the most reliable and liquid, primarily equity. Examples of Tier 1 Capital are common stock and equivalents thereof, preferred stock and similar instruments that are non-cumulative, and retained earnings.

The Margin will be a percentage rate per annum determined by Rabobank Nederland in consultation with the Joint Lead Manager and Organising Participant prior to the Issue Date and will not subsequently change. The Margin will be advised by NZX announcement and for Investment Statements distributed after the Margin is set on September 14, 2007, by a rate card accompanying those Investment Statements. Your NZX adviser or other financial adviser can also notify you of the Margin once it has been determined.

A description of the interest rates which apply to the Capital Securities, how they are determined, and when they apply is set out on page 46 under the heading *What returns will I get?*

Interest is scheduled to be paid on the Capital Securities quarterly in arrear on each Interest Payment Date. However, interest may not necessarily be paid on the Capital Securities on each Interest Payment Date. Whether or not interest will be payable on an Interest Payment Date depends on whether, at the relevant time:

- (a) Rabobank Nederland is required by the Conditions to pay interest;
- (b) Rabobank Nederland is prohibited by the Conditions from paying interest; or
- (c) Rabobank Nederland has a discretion under the Conditions as to whether or not to pay interest.

The circumstances in which Rabobank Nederland is required to pay interest, is prohibited from paying interest, or has a discretion to pay interest, are described on page 46 under the heading *What returns will I get?*

If interest is not payable on an Interest Payment Date, that interest will not accumulate or compound and Holders of the Capital Securities will have no right

to receive that interest at any time, even if interest is subsequently paid in the future.

## Redemption

The Capital Securities are perpetual securities which have no scheduled repayment date. However, Rabobank Nederland has the option to redeem the Capital Securities in certain circumstances (including from the First Call Date (October 8, 2017)), and has undertaken to exercise its option to redeem the Capital Securities on the first Conditional Call Date (October 8, 2037). The ability of Rabobank Nederland to redeem the Capital Securities, including on a Conditional Call Date, is subject to Rabobank Nederland satisfying certain conditions. These conditions, and the circumstances in which Rabobank Nederland is entitled to redeem the Capital Securities, are described on page 48 under the heading *What returns will I get?*

Holders of Capital Securities have no ability to require Rabobank Nederland to redeem their Capital Securities unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are described on page 49 under the heading *What returns will I get?*

This means that Holders of Capital Securities have no ability to cash in their investment, except:

- (a) if Rabobank Nederland exercises its right to redeem or purchase the Capital Securities;
- (b) if permitted following an Event of Default; or
- (c) by selling their Capital Securities on the NZDX Market.

## Status and subordination

The Capital Securities constitute direct, unsecured and subordinated obligations of Rabobank Nederland as described on page 55 under the

heading *What are my risks?* and in Condition 4.

### **Further issues of Capital Securities**

Rabobank Nederland may from time to time without the consent of the Holders create and issue further instruments ranking *pari passu* in all respects (or in all respects save for the date from which interest accrues and the amount of the first interest payment on such further instruments) and so that such further issue shall be consolidated and form a single series with the outstanding Capital Securities.

### **NZDX Listing and Quotation**

Application has been made to NZX for permission to list the Capital Securities and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement, have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement.

### **Registered Capital Securities**

The Capital Securities will be issued in registered book entry form. No certificates of title in respect of the Capital Securities will be issued to Holders. Title to the Capital Securities passes by transfer and registration as described in Condition 3. Rabobank Nederland and the Registrar will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date, and for the repayment of the principal amount of the Capital Securities if and when they are redeemed.

Both Rabobank Nederland and the Registrar are entitled to rely on the Register as constituting the sole and conclusive record of all Capital Securities and as to the Holders of those Capital Securities. Neither Rabobank Nederland nor the Registrar shall be liable to any Holder for relying on the Register or for accepting in good faith as valid any detail

recorded in the Register subsequently found to be forged, irregular or not authentic.

### **No guarantee**

The Capital Securities are obligations of Rabobank Nederland and are not guaranteed by any member of the Rabobank Group or any other person.

## PART 3

# Corporate Profile

## 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 on December 22, 1970 with unlimited duration. A cooperative under Dutch law 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. 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 the 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 in the same proportion as the proportion which existed in the year preceding the year of issue between its balance sheet total and the sum of the balance sheet totals of all local Rabobanks. Since 1995, no new shares have been issued. At December 31, 2006, 1.4 million fully paid up shares (for an aggregate amount of € 638 million)

had been issued to the local Rabobanks.

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, referenced below.

Rabobank Nederland's functions within the Rabobank Group can be broadly divided into several areas. Traditionally, an important task of Rabobank Nederland has always been its function as bankers' bank. Another major task is the service task. As far as service is concerned, the first priority is to provide service to the local banks 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 the various subsidiaries.

The local Rabobanks are organised as cooperative entities under Dutch law and draw all of their members from their customers. Through mergers, the number of local Rabobanks has decreased from 248 at December 31, 2005 to 188 at December 31, 2006. At December 31, 2006, the local Rabobanks had approximately 1.64 million members, an increase of approximately 90,000 members from the previous year. Members of the local Rabobanks do not make capital contributions to the local Rabobanks and are not entitled to the equity of the local Rabobanks. Members are not liable for any obligations of the local Rabobanks.

### 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, 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  
The 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.  
Rabohypothekbank N.V.  
Raiffeisenhypothekbank 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.

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

## 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 on a consolidated basis, based on article 3:111 of the Financial Supervision Act, Rabobank Nederland has the 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 Rabobanks' authority to make lending decisions within the Rabobank Group lending limits.

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

### Supervision on market conduct

Pursuant to Section 2:105 of the Financial Supervision Act, Rabobank Nederland has been designated by the Minister of Finance 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. The articles of association of Rabobank Nederland were amended on January 2, 2007, a day after the entry into force of the Financial Supervision Act, in order to provide a statutory basis for this supervisory task of Rabobank Nederland.

## Rabobank New Zealand Branch

In April 1996, Rabobank Nederland was granted a banking authority to engage in banking on a branch basis in New Zealand. The branch Rabobank Nederland established is generally referred to as Rabobank New Zealand Branch. The Reserve Bank of New Zealand is responsible for the registration and supervision of banks in New Zealand. These powers and responsibilities are set out in Part 5 of the Reserve Bank of New Zealand Act 1989. As a registered bank, Rabobank Nederland falls under the Reserve Bank of New Zealand's supervision and, amongst other obligations, must prepare the General Disclosure Statements (which are referenced in this Investment Statement) in accordance with section 81 of the Reserve Bank of New Zealand Act 1989 and the accompanying Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2007.

The main focus of Rabobank New Zealand Branch was the food and agribusiness corporate sector. This was, and remains, in line with Rabobank Nederland's international strategy, which is primarily targeted at establishing Rabobank Nederland as a global leader in the financing of international food and agribusiness.

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

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

## Description of Business of The Rabobank Group

### General

The Rabobank Group is one of the largest banking organisations in the Netherlands and the largest mortgage lending and savings organisation in the Netherlands by market share. The Rabobank Group is one of the 25 largest banking institutions in the world in terms of assets and Tier I capital (according to *The Banker magazine*, July 2007 <http://www.thebanker.com>). It offers a broad range of financial, insurance and asset management services across retail, corporate and commercial sectors, both domestically and internationally. The Rabobank Group has the highest credit ratings awarded by the international rating agencies Moody's (Aaa since 1986) and Standard & Poor's (AAA since 1985). On a consolidated basis, the Rabobank Group's total assets were € 556 billion at December 31, 2006 with total liabilities of € 527 billion; however, no member of the Rabobank Group (other than Rabobank Nederland) is directly liable to Holders in respect of the Capital Securities. At December 31, 2006, the Rabobank Group had 50,573 full-time equivalent employees.

The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative local Rabobanks, which are members of Rabobank Nederland and are also licensed banks, and Rabobank Nederland's subsidiaries. The Rabobank Group had 188 local Rabobanks and 1,214 branches located throughout the Netherlands at December 31, 2006. The local Rabobanks are themselves cooperative entities that draw all of their members from their customers. See 'The Rabobank Group Structure'.

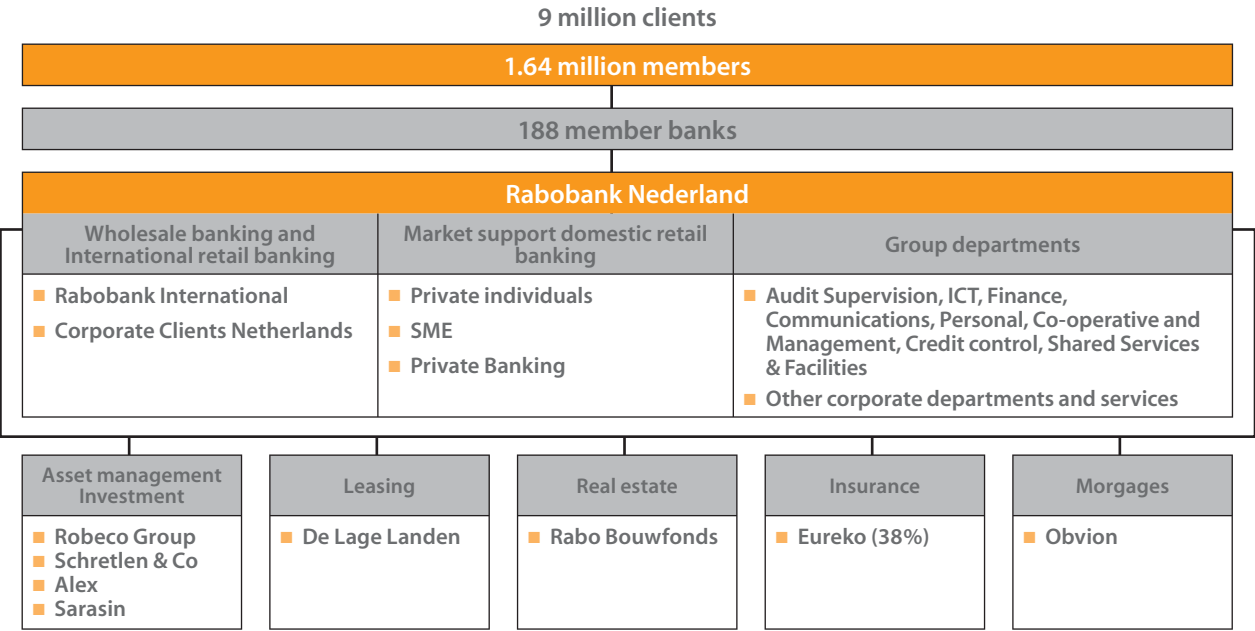
The various entities within the Rabobank Group comprise a network of 'competence centres' which

provide financial services and products to the local Rabobanks and to each other. This networked expertise allows the Rabobank Group to respond actively to the growing demand from business clients and private individuals for a balanced package of financial services and products. The Rabobank Group therefore seeks to combine the best of two worlds: the local presence of the local Rabobanks and the expertise and scale of a large organisation. The underlying purpose of Rabobank Nederland's cooperative structure is to provide high quality services and products to its customers at reasonable prices, while maintaining the financial stability of the Rabobank Group.

Historically, the Rabobank Group engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, the 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, the 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 the Rabobank Group pursues an 'Allfinanz' concept, meaning that it provides an integrated range of financial services comprised primarily of 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 Allfinanz strategy, the Rabobank Group focuses on operations that produce fee-based income in addition to its traditional interest-based income sources.

Through Rabobank Nederland, the local Rabobanks and their 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. The diagram below sets forth the organisational structure of Rabobank Nederland, the local Rabobanks and the





subsidiaries that engage in the Rabobank Group's core business areas.

## Domestic Retail Banking

The Rabobank Group provides a variety of lending and savings services in the Netherlands through its network of local Rabobanks and its domestic offices and agencies. From January 1, 2006 through December 31, 2006, the Rabobank Group had a market share of 25.5% of new home mortgages in the Dutch mortgage market (20.3% by local Rabobanks and 5.2% by Obvion N.V. ("Obvion"); source: Dutch Land Registry Office (*Kadaster*)). In 2006, the Rabobank Group had an 84% market share of loans and advances made by banks to the Dutch primary agricultural sector (measured by its own surveys). In 2006, the Rabobank Group also had a 38% market share of domestic loans to the trade, industry and services sector (i.e., small enterprises with less than 100 employees; measured by its own surveys). At December 31, 2006 the Rabobank Group had a 39% market share in the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). The foregoing percentages in this paragraph should be read as percentages of the relevant Dutch market as a whole.

For the year ended December 31, 2006, the Rabobank Group's Domestic Retail Banking operations accounted for 57%, or € 1,535 million, of their operating profit before taxation<sup>2</sup>.

## Wholesale and International Retail Banking

Through Rabobank International, the Rabobank Group provides a variety of wholesale banking services, including advising on mergers and

acquisitions and stock transactions, lending and providing special financing arrangements to both domestic and international corporate clients. Rabobank International is also responsible for the international retail operations. For the year ended December 31, 2006, the Rabobank Group's wholesale and international retail banking operations accounted for 30%, or € 802 million, of their operating profit before taxation.

## Asset Management and Investment

The Rabobank Group provides asset management, investment and private banking services to private, institutional and corporate investors through a number of subsidiaries. Robeco Groep N.V. ("Robeco") is the competence centre for asset management services within the Rabobank Group, offering financial products and services to their Asset Management and Investment operations. Schretlen & Co. N.V. ("Schretlen") operates the Rabobank Group's private banking activities in the Netherlands and internationally private banking and institutional clients are serviced by Bank Sarasin & Cie AG ("Sarasin") in which the Rabobank Group holds a majority stake (69% of voting rights). The internet-brokerage activities are conducted under the trade name Alex. Alex provides investment services to its clients via the internet. For the year ended December 31, 2006, the Rabobank Group's Asset Management and Investment operations accounted for 11%, or € 285 million of its operating profit before taxation.

## Leasing

The Rabobank Group's leasing activities are undertaken primarily by De Lage Landen. De Lage

<sup>2</sup> As the Rabobank Group conducts more activities than the five core business areas, the gross operating profits of the five core business areas do not add up to 100% of consolidated operating profit before taxation.

Landen provides factoring and leasing services to corporate borrowers, mainly in the food and agribusiness, car leasing, technology, healthcare and banking industries. At December 31, 2006, De Lage Landen had a loan portfolio of approximately € 18.9 billion. Operating profit before taxation from the Rabobank Group's leasing operations, at € 271 million, accounted for 10% of its operating profit before taxation for the year ended December 31, 2006.

## Real Estate

The Rabobank Group provides a variety of real estate services to institutional and corporate clients through Rabo Bouwfonds. Rabo Bouwfonds consists of the real estate development and investment management activities which, as discussed below, were taken over from ABN AMRO Bouwfonds, Rabo Vastgoed (real estate project development) and FGH Bank (commercial real estate financing). For the year ended December 31, 2006, the Rabobank Group's Real Estate operations accounted for 5%, or €144 million, of its operating profit before taxation. In December 2006, Rabobank Nederland completed the acquisition of the real estate development and asset management parts of ABN AMRO Bouwfonds N.V.

## Recent Developments

### Acquisition of Athlon Car Lease by De Lage Landen completed

Following its public offer for all outstanding shares in Athlon Holding N.V. (presently named: Athlon Car Lease International B.V.) for cash consideration of € 30.25 per ordinary share, which offer price includes the rights to dividends for the financial year 2005, De Lage Landen held at July 21, 2006 (after the expiration of the post-acceptance period) 99.6% of Athlon's total issued and outstanding share capital, all shares being fully paid up. Presently De Lage

Landen has 100% of the shares in Athlon Car Lease International B.V. The total investment (100%) has been € 551 million. The combination of car leasing companies Athlon Car Lease and De Lage Landen Translease (the car leasing subsidiary of the De Lage Landen) has resulted in a position as one of the market leaders in the Netherlands.

### Rabobank acquires two banks in Indonesia

In January 2007 the 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 have a network of 78 branches, sub-branches and cash offices. The acquisition will decrease the Tier 1 ratio of the Rabobank Group by approximately 0.03%.

### Bank Sarasin & Cie AG

At the end of 2006, the Rabobank Group exercised its call option to purchase all the shares in Eichbaum Holding AG, a holding company owning a majority interest in Bank Sarasin & Cie AG. On April 11, 2007, the share purchase was finalised. The Rabobank Group now holds (through Eichbaum Holding AG) 46.06% of the share capital and 68.63% of the voting rights, resulting in the Rabobank Group having a controlling stake in Bank Sarasin & Cie AG. Bank Sarasin & Cie AG retains its public listing on the Swiss Stock Exchange ("SWX").

### Acquisition of part of Bouwfonds completed

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. The total investment amounts to € 855 million. Subsequent

to the takeover the group operates under the name Rabo Bouwfonds.

### **Acquisition of Mid-State Bank & Trust**

On April 30, 2007 Mid-State Bank & Trust became part of the Rabobank Group. Mid-State Bank & Trust has merged into Rabobank N.A., Rabobank's community banking subsidiary in California. Under the terms of the acquisition agreement, Rabobank acquired all the shares of Mid-State Bank & Trust for a purchase price of US\$ 37 per share in cash, or a total purchase price of US\$ 857 million all shares being fully paid up.

### **Rabo Mobiel**

In November 2006 the Rabobank Group entered into a joint venture with multimedia company Talpa and Orange to provide mobile banking services to its customers. The Rabobank Group is the first bank in Europe to introduce mobile banking and low-cost calling as one service.

### **Robeco**

On February 22, 2007, the Rabobank Group through Robeco acquired a 64% stake in the Swiss based Sustainability Asset Management ("SAM") Group.

### **Zanaco**

On April 3, 2007, Rabo Financial Institutions Development B.V., a 100% subsidiary of Rabobank, completed the acquisition of 49% in Zambia National Commercial Bank PLC ("Zanaco"), as part of the Rabobank Development Program.

### **HNS Banco**

In April 2007, the Rabobank Group and GE Commercial Finance and Ergas Group, owners of HNS Banco in Chile, announced an acquisition agreement through which HNS Banco will become part of the Rabobank Group. The transaction closed on April 30, 2007. Most of the Rabobank Group's

existing operations in Chile will be integrated with HNS Banco, which will be renamed Rabobank Chile, and will become the principal Rabobank Group business entity in Chile.

### **Alex**

The Rabobank Group announced that it is currently considering the strategic options for Alex Beleggersbank, the online brokerage business of the Rabobank Group, providing online trading capabilities in stock, options and other financial instruments. A sale of these activities is possible.

## **Certain information on important Group companies**

### **Robeco Groep N.V.**

Robeco has its statutory seat in Rotterdam, the Netherlands. Robeco provides investment management services, financial services and acts as a holding and financing company. Its issued and fully paid up share capital amounts to € 4,537,803 (4,537,803 shares with a nominal value € 1 each) as of December 31, 2006. Rabobank Nederland's share in its issued capital is 100 per cent. Robeco's net result in 2006 was € 202.9 million, corresponding to €44.71 per share. As at December 31, 2006, Rabobank Nederland's liabilities to Robeco amounted to € 313 million (bonds), € 675 million (current account), nil (professional securities transactions) and € 11 million (loans/deposits). Rabobank Nederland's claims on Robeco as at December 31, 2006 amounted to € 252 million (loans) and € 270 million (current account).

### **De Lage Landen International B.V.**

De Lage Landen has its statutory seat in Eindhoven, the Netherlands. De Lage Landen provides factoring, car leasing and vendor lease services. Its issued share capital amounts to € 98,470,307, fully paid up. Rabobank Nederland's share in its issued share capital is 100 per cent. De Lage Landen's net profit

in 2006 was € 206 million (before minority interest). As at December 31, 2006, Rabobank Nederland's liabilities to De Lage Landen amounted to € 756 million. As at December 31, 2006 Rabobank Nederland's claims on De Lage Landen amounted to € 16,840 million (loans and current account).

## Group Strategy

At the Central Delegates Assembly ("CKV") held on March 22, 2006 - the 'parliament' of the local Rabobanks - the exchange of ideas on the strategic direction, which had been initiated in 2005, was concluded with the finalisation of the Strategic Framework for 2005-2010. Besides autonomous growth, this framework is founded on the following indisputable principles:

- the Rabobank Group is and remains Dutch, with its dominant market position in financial services to the agriculture sector, private individuals and medium-sized enterprises;
- the Rabobank Group is and remains a cooperative; exceptions may be made for Group subsidiaries;
- the Rabobank Group remains AAA worthy; and
- the Rabobank Group remains independent.

### Three growth areas

The new strategic framework profiles the Rabobank Group as 'the global food and agriculture bank with its roots in the Netherlands and in doing so distinguishes three growth areas:

- Growth in the Dutch Allfinanz market, in particular through further collaboration with Eureko/Achmea and through further strengthening of the Rabobank Group's position in the top end of the private and corporate markets.
- Continued expansion abroad as a leading international food and agriculture bank.

- Further growth of and synergy between the Group subsidiaries.

### Strategy in the Netherlands - Market leader in Allfinanz

Market leadership in Allfinanz in the Netherlands remains the main objective. In addition to the mass market for banking services to private individuals, small and medium-sized enterprises and the agricultural sector, there are attractive opportunities for growth in the top end of the private and corporate markets. Other focuses are the 'segments of the future' - young people and entrepreneurs from ethnic minorities as well as the urban areas and a number of product markets. Here, insurance, consumer credits, investment and real estate financing are the spearheads.

### Leverage distribution strength as a 'near-you bank'

The Rabobank Group intends to leverage its distribution strength as the 'near-you bank' of the Netherlands, not just physically but also, and increasingly, through 'virtual' channels. Using differentiated market strategies, it will respond to differences in client segments, geographical differences and distinct labels and distribution channels. The Rabobank Group's answer to the growing competition in the 'near-you' aspect lies in expansion of the number of client interface points. By further expansion of the virtual bank, it is expected that clients' experience of the Rabobank Group as 'near-you' and personal will be maintained.

### International strategy

International growth is necessary to support Small and Medium-sized Enterprises ("SME") and corporate clients, since they are increasing their operations on the global stage. This would have the added advantages of easier access to the international capital markets and enhancing the Rabobank

Group's continued attractiveness as an employer. The corporate bank Rabobank International aims to be the world's leading food and agriculture bank. This ambition dovetails with the Rabobank Group's cooperative origins as the pre-eminent financier of the Dutch agricultural sector and the substantial amount of expertise it has developed.

The Rabobank Group's international operations can be divided into five categories:

- International retail banking
  - The Rabobank Group focuses on three growth markets. The main priorities are traditionally agricultural countries with a stable climate and a structurally attractive agricultural sector, such as the United States, Australia and Canada. The next objectives are countries in Central, Eastern and Southeastern Europe with a growing agricultural sector, such as Poland and Turkey. Then follow the rapidly emerging countries with a large agricultural sector, such as Brazil, China, India and Indonesia. Projects in these countries are small-scale, in which the financial interest is relatively limited.
  - Support of Dutch clients abroad
  - In order to maintain its market leadership among clients with international operations, the Rabobank Group will in the coming years work towards strengthening the expertise and selling power of local advisers and account managers, improving its product management and intensifying the relationship management with partner banks abroad.
  - International wholesale operations
  - In future years, and more than in the past, the international office network will focus its wholesale operations on Dutch wholesale clients, other than the international food and agriculture clients. The primary geographical focus is on Europe and the countries where Rabobank International is developing retail operations.
- Professional market activities
  - The Rabobank Group values its AAA rating and will continue to use it for a selected number of profitable product/market combinations in the professional financial markets. In view of the greater volatility of professional markets, the Rabobank Group aim to realise approximately 50% of international profits from international retail operations in the future.
  - Rabobank Development Programme
  - Complementary to the successful activities of the Rabobank Foundation, which started 30 years ago, the Rabobank Development Programme ("RDP") was established in 2004. The RDP's aim is to help a number of banks in developing countries grow into successful 'Rabobanks'. During the next few years, its activities will be focused on five countries, including China and a number of countries in East Africa.
  - Strategy of the subsidiaries
  - The Rabobank Group's Dutch subsidiaries play an important part in achieving the Group's market leadership ambitions. The objective is to double their net profit and to achieve/maintain leading market positions by the end of 2012.
  - Organisational and financial implications
  - The Rabobank Group's strategic ambitions have been embedded in a cooperative, high-quality and sustainability-driven organisation.
  - Strengthening the cooperative identity
  - The cooperative is and remains the Rabobank Group's cornerstone. The local cooperative Rabobanks and their central cooperative

Rabobank Nederland, which is also the holding company of the Group's subsidiaries, are and will continue to be managed in accordance with the cooperative model.

- High-quality policy for Human Resource Management ("HRM")
- The quality of the Rabobank Group's people is of paramount importance to their strategy. The priority in HRM policy is to secure the required calibre of talented, highly educated staff and managers.
- Sustainability
- The Rabobank Group aims to build on its strong position in sustainability and corporate social responsibility ("CSR"). It is working towards more CSR criteria in all banking operations, more sustainable financial products such as green financing and green investments, and more deeply embedding sustainable development in its operations.

## Ambitious financial targets

The Rabobank Group maintains the following financial targets:

- annual net profit growth of at least 12%;
- a Tier 1 capital adequacy ratio of at least 10.0; and
- return on equity of at least 10.0% per annum.

## Business Activities of the Rabobank Group

### Domestic Retail Banking

The Rabobank Group's Domestic Retail Banking operations are primarily undertaken by the local Rabobanks and Obvion. Their Domestic Retail Banking operations include making loans, taking deposits and providing fund transfers and non-credit

service operations, primarily in the Netherlands. Each of the local Rabobanks provides credit and deposit services. In keeping with the Allfinanz concept, each of the local Rabobanks distributes insurance products and also provides, either directly or through the Rabobank Group's specialised subsidiaries, investment and a wide variety of other services to customers in the local Rabobank's specific geographical business area. Obvion provides mortgages and operates through independent agents. Obvion is a joint venture between the Rabobank Group and Algemeen Burgelijk Pensioenfonds.

At December 31, 2006 the Rabobank Group had a 39% market share in the Dutch savings market measured as a percentage of the amount of deposits (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). For the year ended December 31, 2006, the Rabobank Group's domestic retail banking operations accounted for 55%, or € 5,551 million, of their total income and 57%, or € 1,535 million, of their operating profit before taxation. At December 31, 2006, the Rabobank Group's domestic retail banking operations employed 29,375 full-time equivalent employees.

The Dutch mortgage loan market is a highly competitive market. Driven by the tax deductibility of mortgage loan interest payments, Dutch homeowners usually take out relatively high mortgage loans. This does not necessarily indicate a high risk for banks with mortgage lending operations. The Rabobank Group have a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 60%. Historically, mortgage lending has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in their mortgage lending operations or in the Netherlands generally. Almost all mortgages in the Netherlands have a

maturity of 30 years. Generally, mortgages have long term (greater than 5 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.

### Local Rabobanks

With 1,214 branches (the most branches of any financial institution in the Netherlands), 810 cash dispensing machines in public locations, service shops, agencies and other points of contacts as of December 31, 2006, the local Rabobanks have 3,091 points of contact. Through the local Rabobanks and Obvion, the Rabobank Group is the largest mortgage lending institution in the Netherlands, with a market share of 25.5%, based on the amount of new Dutch residential mortgages in 2006. The Rabobank Group is the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector. At December 31, 2006, € 220.9 billion of their total lending (except government lending) or approximately 68%, was granted by domestic retail banking. Loans made by the wholesale and international retail banking business amounted to € 74.7 billion or 23% of their total lending to the private sector.

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

(in billions of euro)	December 31, 2006	December 31, 2005
Mortgage loans	221.0	200.7
Food and agri-sector	52.5	48.2
Small and medium-sized business sector	105.5	83.3
Savings	89.5	86.2

With 39% of the Dutch savings market as of December 31, 2006, the Rabobank Group is also the largest savings institution in the Netherlands measured as a percentage of the amount of deposits (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Of the total savings in the Netherlands, 37% are held by the local Rabobanks and 2% are held with Roparco, the savings arm of Robeco. The Rabobank Group offers its clients a number of different savings options, including savings via the telephone and the internet. The Rabobank Group also offers internet banking services to its customers in Belgium, Ireland and, since early 2006, New Zealand. Private customers are also able to use the services of IRIS, a securities research institute established jointly with Robeco, in order to help them manage their investment decisions.

### Obvion N.V. ("Obvion")

Obvion, the Rabobank Group's mortgage loan joint venture with the ABP pension fund, sells mortgage loans under its own brand via independent agents in the Netherlands. Through Obvion, the Rabobank Group is targeting an increasing portion of the Dutch market share in order to strengthen its market leadership in mortgage loans. Obvion's market share in the Netherlands at December 31, 2006 stood at 5.2% (source: Dutch Land Registry Office (*Kadaster*)).

### **Rabohypotheekbank N.V. ("Rabohypotheekbank")**

Rabohypotheekbank, with statutory seat in Amsterdam, the Netherlands, provides mortgage lending documentation services to all of the Rabobank Group's local Rabobanks and is owned 95% by the local Rabobanks and 5% 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.

### **Wholesale and International Retail Banking**

Through Rabobank International the Rabobank Group provides a variety of wholesale and international retail banking services, including lending and special financing arrangements to both domestic and international corporate clients and advising on mergers and acquisitions and capital markets transactions. For the year ended December 31, 2006, the Rabobank Group's wholesale and international retail banking operations accounted for 26%, or € 2,622 million, of its total income and 30%, or € 802 million, of its operating profit before taxation. At December 31, 2006, the Rabobank Group's wholesale and international retail banking operations employed 6,684 full-time equivalent employees.

### **Rabobank International**

The Rabobank Group's business banking division, Rabobank International, operates on a global scale. The subsidiaries within its Rabobank International division have a comprehensive international network of offices with 261 offices in 31 countries outside the Netherlands. Rabobank International provides sophisticated financial products aimed at professional counterparts in the international financial markets. This involves trading, arbitrage and structured finance activities that have been placed in the various divisions of Rabobank International. However, its activities are primarily focused on enterprises in the food and agribusiness sector. In financing foreign corporate clients in the food services and agribusiness industries, Rabobank International concentrates on providing financing to entities engaged in processing and trading agricultural commodities, rather than primary agricultural activities. Rabobank International also makes loans to international corporate and government borrowers. At December 31, 2006, following earlier acquisitions in Australia and New Zealand in the 1990s and the former state-owned Irish ACC Bank and Valley Independent Bank in the United States in 2002, the Rabobank Group is continuing to expand its country banking model on a global scale. In 2003, the Rabobank Group strengthened its position as a leading lender to rural clients in Australia and New Zealand through the purchase of the rural lending portfolio of the New Zealand bank AMP Bank Limited. In order to sustain the platform for further growth in the Australian market, the Rabobank Group decided to continue the activities of Primary Industry Bank of Australia under the Rabobank brand and its official name has become Rabobank Australia Limited.

Also in 2003, the Rabobank Group acquired two banks in the United States: Lend Lease Agri-



Business and Ag Services of America, Inc. Lend Lease Agri-Business now operates under the name Rabo Agrifinance and offers long term financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. In December 2004, the Rabobank Group acquired a 35% interest in the Polish bank BGZ in part through a new share issuance by BGZ, and in part from shareholders selling their shares. BGZ is the leading bank for the Polish agricultural and food economy sectors. In 2005 Rabo Ag Services, specialised in harvest financing, mainly to American corn and soy growers, merged with Rabo AgriFinance into Rabo AgriFinance. In 2005, the name of Valley Independent Bank was changed to Rabobank North America. In early 2006 Rabobank International acquired all the shares of Community Bank of Central California ("CBCC"). In November 2006 Rabobank International made a bid for the shares of Mid-State Bancshares, which transaction closed in the second quarter of 2007. Furthermore the Rabobank Group expanded its activities in Brazil by opening new offices focused on servicing the larger agricultural corporations. Rabobank International's retail activities accounted for approximately 20% of Rabobank International's total income in 2006.

## Asset Management and Investment

The Rabobank Group provides asset management and investment services to private, institutional and corporate investors primarily through the following subsidiaries: Robeco (asset management), Schretlen (private banking), Alex (internet broker) and Sarasin (private banking). For the year ended December 31, 2006, their Asset Management and Investment operations accounted for 8%, or € 836 million, of their total income and 11%, or € 285 million, of their operating profit before taxation. At December 31, 2006, their Asset Management and Investment

operations employed 3,126 full-time equivalent employees.

### Robeco Group N.V. ("Robeco")

Robeco is headquartered in Rotterdam, the Netherlands, and has offices in Belgium, France, Germany, Switzerland, Italy and the United States. Robeco is engaged in asset management for private, institutional and corporate investors. Robeco also acts as the competence centre for asset management services within the Rabobank Group, offering financial products and services to their other asset management and investment operations. Robeco is the Dutch market leader in investment funds. At December 2006 institutional clients accounted for approximately half of the assets managed by Robeco. Approximately one third of the assets managed comes from the American subsidiaries Robeco USA and Harbor Capital Advisors. Rabobank Nederland owns a 100% equity interest in Robeco.

### Schretlen

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

## Sarasin

In 2002, the Rabobank Group acquired a 28% equity stake in Sarasin, corresponding with 16.31% of the voting rights in Sarasin, with the option to increase its stake to a majority stake at any time before June 30, 2009. In December 2006 the Rabobank Group exercised the option and purchased another 18% of equity corresponding with 52% of the voting rights. The Rabobank Group now hold 46% of Sarasin's equity capital and approximately 69% of its voting rights. According to Swiss takeover regulations, Rabobank will have to submit a tender offer for all outstanding Sarasin class B shares which are not in its possession. Sarasin offers investment consultancy and portfolio management services to private persons in Switzerland.

## Alex

In 2003, the Rabobank Group acquired Alex, an internet broker, which focuses on active clients who prefer to place their own orders at more competitive rates, and the order telephone line VEB Bottomline. Alex and VEB Bottomline have been combined into a separate business unit of Rabobank Nederland under the name of Alex.

## Leasing

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

In the Netherlands, De Lage Landen focuses on leasing and trade finance products. Leasing products include equipment leases, ICT leases, vendor leases and car and commercial vehicle leases

("Translease"). In 2006 De Lage Landen acquired Athlon Car Lease, which strengthened its position in the car leasing business in the Netherlands. De Lage Landen's strength in the Netherlands lies in its fast settlement of standard lease contracts and its specialist knowledge of various industry branches. De Lage Landen's product range is marketed in the Netherlands through the local Rabobanks. De Lage Landen also directly markets its products.

Internationally, De Lage Landen specialises in asset financing and vendor finance services, offering lease facilities for sales support via the sales channels of manufacturers and distributors of capital goods. De Lage Landen operates in more than 20 countries in Europe and the Americas, and also in Australia and New Zealand. De Lage Landen concentrates on enterprises with activities in agricultural machinery, telecommunications, computers, photocopiers, (internal) means of transport and medical equipment. De Lage Landen has a leading position in the vendor finance market.

At December 31, 2006, De Lage Landen had a lease portfolio of approximately € 18.9 billion. Of this amount, € 11.0 billion was attributable to Europe, € 7.6 billion was attributable to America and € 0.3 billion was attributable to the rest of the world. Operating profit before taxation from their Leasing operations at € 271 million accounted for 10% of their operating profit before taxation for the year ended December 31, 2006.

At December 31, 2006, their Leasing operations employed 4,128 full-time equivalent employees.

## Real Estate

The Rabobank Group provides a variety of real estate services to institutional and corporate clients through Rabo Bouwfonds. Rabo Bouwfonds consists

of the real estate development and investment management activities which were taken over from ABN AMRO Bouwfonds, Rabo Vastgoed (real estate project development) and FGH Bank (commercial real estate financing). Project development is carried out in close cooperation with the local Rabobanks. In 2006 Rabo Bouwfonds sold over 14,000 houses.

FGH Bank is a Dutch bank specialising in commercial real estate financing and conducting its activities under its own trademark within the Rabobank Group. The majority of the portfolio relates to investment financing. In addition, FGH Bank is active in project and land financing, trade financing, 'sell off' financing (i.e., selling rented houses to sitting tenants), operating leases, mortgage financing and interest rate derivatives. At December 31, 2006, FGH Bank had a financing portfolio of approximately € 10.3 billion in the Netherlands.

Operating profit before taxation from the Rabobank Group's real estate operations at € 144 million accounted for 5% of its operating profit before taxation for the year ended December 31, 2006.

At December 31, 2006, the Rabobank Group's real estate operations employed 16,541 full-time equivalent employees.

## Competition

The Rabobank Group competes in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, ING and Fortis. As a result of the overall improving liquidity of Dutch corporations, increased emphasis by banks on the credit quality of borrowers and the deregulation of capital markets, competition among banks in the Netherlands has increased significantly during the past several years. In addition, life insurance companies and pension funds in the Netherlands

have become major competitors in the markets for residential mortgage loans and private savings.

In the Dutch market, the Rabobank Group has a leading position in several financial services: newly granted mortgage loans (25.5% in 2006; source: Dutch Land Registry Office (*Kadaster*)), private savings (39% as of December 31, 2006; source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)), small and medium-sized enterprises (38% in 2005, based on their own surveys) and the agricultural sector (84% in 2006, based on their own surveys). The Rabobank Group also considerably strengthened its share of the larger corporate market in the past few years. The Rabobank Group also faces strong competition in the international banking market. Percentages in this paragraph should be read as percentages of the relevant Dutch market as a whole.

## Employees

The Rabobank Group believes that achieving its clients' goals through financial services goes hand-in-hand with the personal development of its employees. Accordingly, in Rabobank Group's view, good working conditions, terms of employment and ongoing development of its managers and employees are preconditions for achieving its strategy. Management believes its employee relations are good. In August 2007, the Rabobank Group reached agreement with its unions on a new two year Collective Labour Agreement.

In 2006, the number of employees at the combined local Rabobanks increased by 466. This increase was mainly due to the need for compliance with more laws and regulations and the mergers of the local Rabobanks, which resulted in a temporary deployment of extra staff. At December 31, 2006 the Rabobank Group had 56,209 employees (being 50,573 full-time equivalent employees), an increase

of 5,221 compared to December 31, 2005 mainly due to acquisitions.

## Properties

Rabobank Nederland and the local Rabobanks typically own the land and buildings used in the normal course of their business activities in the Netherlands. Outside the Netherlands, some of the Rabobank Group entities also own the land and buildings used in the normal course of their business activities. At December 31, 2006, the local Rabobanks owned 1,214 branch offices within the Netherlands. In addition, its 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.

## Corporate Social Responsibility

The Rabobank Group seeks to conduct its business activities in a manner that is responsive to economic, social and environmental concerns. Therefore the Rabobank Group considers environmental and social issues in client acceptance and in assessing credit applications. The business activities of its clients must be compliant with environmental and social laws, regulations and standards such as respect for human rights, climate change, consumer interests and the well-being of animals.

The local Rabobanks, in keeping with their cooperative tradition and common values, also seek to find a proper balance between the various interests. The local Rabobanks reflect this balance in the range and specifications of financial products offered to their clients, their lending policies as well as their engagement in local initiatives. Sustainability also plays an important part in their advising on business plans and realignments. The choice in favour of environmentally and socially

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

In 2006, the Rabobank Group carried out a stakeholder consultation among various organisations, including trade unions, consumer organisations, environmental development aid and human rights lobby groups. They gave their opinions on the Annual Corporate Social Responsibility Report and their corporate social responsibility policy and strategy stated therein. This feedback had an impact on the Rabobank Group's corporate social responsibility priorities for 2007: further incorporate corporate social responsibility in all its main commercial and operational processes. Special attention is given to assure that corporate social responsibility initiatives are in line with the business strategy and objectives. According to an appraisal in September 2005 from the Swiss-based environmental rating agency Sustainable Asset Management Group, the Rabobank Group ranked among the international banking leaders in the area of sustainability. The Rabobank Group achieved the highest score in the European banking sector and achieved second place worldwide.

## 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 business, including in connection with its 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.

## Insurance

On behalf of all entities of the Rabobank Group, the Rabobank Group has taken out a group policy

that is customary for the financial industry. The management of the Rabobank Group is of the opinion that this insurance banker's blanket and professional indemnity is of an adequate level.

## 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.

Key Figures	2006	2005	2004
<b>Volume of services (in EUR millions)</b>			
Total assets <sup>1</sup>	556,455	506,573	483,574
Total liabilities	527,078	480,224	460,570
Private sector lending	324,110	278,095	248,958
Due to customers	215,899	186,427	177,482
Assets managed and held in custody	286,400	224,200	223,400
<b>Financial position and solvency (in EUR millions)</b>			
Equity	29,377	26,349	23,004
Tier 1 capital	26,391	24,860	21,404
Qualifying capital	27,114	25,272	21,205
Risk-weighted assets	247,458	213,901	196,052
Solvency requirement	19,797	17,112	15,684
Tier 1 ratio	10.7	11.6	10.9
BIS ratio	11.0	11.8	10.8
<b>Profit and loss account (in EUR millions)</b>			
Total income	10,049	9,363	9,222
Operating expenses	6,887	6,242 <sup>2</sup>	6,177
Value adjustments	450	517	479
Operating profit before taxation	2,712	2,604 <sup>2</sup>	2,566
Net profit	2,345	2,083	1,793
<b>Ratios</b>			
Return on equity	9.4%	9.7%	9.1%
Efficiency ratio	68.5%	66.7%	67.0%

General: Due to consolidation effects, the sum of the figures relating to Group entities will not always correspond with Rabobank Group totals. Changes in terms of percentages can vary as a result of rounding.

<sup>1</sup> No member of the Rabobank Group (other than Rabobank Nederland) is directly liable to Holders in respect of the Capital Securities.

<sup>2</sup> The 2005 figures have been restated as further described in note 2.1.1 to the consolidated financial statements of Rabobank Nederland for the year ended December 31, 2006 contained in the latest General Disclosure Statement.

This information should be read in conjunction with the Rabobank Group audited consolidated financial statements which are available upon request or at [http://www.rabobank.com/content/investor\\_relations/reports/](http://www.rabobank.com/content/investor_relations/reports/). In addition to the above information, on August 29, 2007 Rabobank Nederland publicly released its half year financial information. It is not anticipated that the most recent half year financial information will be published in a General Disclosure Statement until September 30, 2007; this information is, however, available at <http://www.rabobank.com/content/news/>.

The three year key figures at and for the years ended December 31, 2004, 2005 and 2006 have been derived from the corresponding Rabobank Group financial statements, which have been audited by Ernst & Young Accountants, independent auditor in the Netherlands. The Rabobank Group audited consolidated financial statements for 2006 and 2005 have been prepared in accordance with IFRS and the comparative figures of 2004 have been restated from Dutch generally accepted accounting principles accordingly.

## Governance of The Rabobank Group

### Supervisory Board and Executive Board

Rabobank Nederland has a Supervisory Board and an Executive Board. The Supervisory Board (*raad van commissarissen*) of Rabobank Nederland consists of at least seven persons and is responsible for monitoring Rabobank Nederland's policy, compliance with applicable legislation and its articles of association and examining and reporting to the General Meeting on the annual statement of accounts. On the recommendation of the Supervisory Board, the General Meeting appoints the Rabobank Group's external auditor, whose statement on accounts is also submitted to the General Meeting. In addition, the Supervisory Board advises the Executive Board. In the performance of their duties, the members of the Supervisory Board act in the interest of Rabobank Nederland and its affiliated entities. Members of the Supervisory Board are, on the recommendation of the Supervisory Board, appointed by the General Meeting. The total remuneration of the members of the Supervisory Board amounted to € 1.3 million in 2006.

The Executive Board (*raad van bestuur*) of Rabobank Nederland consists of at least two members. The number of members is determined by the Supervisory Board. The members are appointed by the Supervisory Board and may be suspended and removed by the Supervisory Board. The Executive Board prepares and executes Group strategy and has responsibility for the appointment, suspension and removal of general managers of Rabobank Nederland and the management of Rabobank Nederland, which includes, under the approval of the Supervisory Board, the authorisation of

debenture issues of Rabobank Nederland. The Executive Board is responsible for the compilation of the annual statement of accounts for adoption by the General Meeting and the recommendation of the profit appropriation to Rabobank Nederland's members. At present, the Executive Board consists of six persons. Bert (H.) Heemskerk is the Chairman of the Executive Board of Rabobank Nederland. The total remuneration of the members of the Executive Board amounted to € 9.8 million in 2006.

No individual may be a member of both Rabobank Nederland's Supervisory Board and Rabobank Nederland's Executive Board. A member of the Supervisory Board is neither permitted to be part of the staff of Rabobank Nederland, a local

Rabobank or any institution affiliated with Rabobank Nederland, nor permitted to be part of the Supervisory Board, the Executive Board or the board of directors of a local Rabobank. No member of the Executive Board is permitted to hold office with, or be employed by, any local Rabobank. The members of the Supervisory Board and the Executive Board cannot hold any office with a credit institution within the meaning of the Financial Supervision Act which is not in any way affiliated with Rabobank Nederland.

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

## Supervisory Board of Rabobank Nederland

Name	Born	Year Appointed <sup>1</sup>	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndsen	1942	2002	2009	Dutch
Teun (T.) de Boon	1941	2002	2008	Dutch
Bernard (B.) Bijvoet	1940	2002	2008	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2008	Dutch
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2007	Dutch
Paul (F.M.) Overmars	1945	2005	2008	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	2007	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2007	Dutch

<sup>1</sup> 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:** Professor of Economics at the University of Groningen. Chairman of the Board Stichting TBI, which wholly owns TBI Holdings (building and engineering). Chairman of the Supervisory Board of Cordares (social security). Chairman of the Supervisory Board of Siers Group B.V. (infrastructure). Chairman of the Supervisory Board of Arriva Nederland B.V. (regional transport). Member of the Supervisory Board of Nuon B.V. (electricity). Member of the Supervisory Board of Huntsman Holland B.V. (chemical industry). Member of the Supervisory Board of N.O.M. N.V. (Northern Development Company). Member of the Supervisory Board of Stichting TNO (Research). Member of the Board Stichting Administratiekantoor Unilever N.V. Member of the Supervisory Board of Eureko B.V.

**Leo (L.J.M.) Berndsen:** Member of the Supervisory Board of AON Nederland (insurance). Member of the Board Stichting TBI, which owns TBI Holdings (building and engineering). Member of the Board Stichting Administratiekantoor Sovion.

**Teun (T.) de Boon:** Vice-Chairman of development institute ZOD Neere, Burkina Fasso. Senior Adviser of the Netherlands Management Corporation Programme (NMCP). Member of the Board of Directors of the Institute for Latin America.

**Bernard (B.) Bijvoet:** Chairman of the Supervisory Board of De Eik B.V. (grocery). Chairman of the Supervisory Board of AH Kaascentrale (dairy). Member of the Supervisory Board of Essent N.V. (electricity).

**Sjoerd (S.E.) Eisma:** Member of the bar in The Hague, partner at De Brauw Blackstone Westbroek N.V. Deputy Judge at the court of law in The Hague. Member of the Supervisory Board of HAL Holding N.V. (investment company). Member of

the Supervisory Board of SDU N.V. Government Printing office. Member of the Supervisory Board of Grontmij N.V. Member of the Board of Directors of HAL pension fund. Member of the Board of Directors of the Anton Philips Fund. Member of the Board of Stichting Steve Reich. Member of the Capital Market Committee of the Netherlands Authority for the Financial Markets. Member of the Board Vereniging voor Effectenrecht. Professor of the University of Amsterdam.

**Louise (L.O.) Fresco:** Vice Director-General, Agriculture Department, Food and Agriculture Organisation of the United Nations ("FAO"), head of the Agriculture Department. Distinguished professor University of Wageningen. Member Committee of Recommendation University Asylumfund. Member of the Spanish Academy of Engineer Sciences. Member of the Swedish Academy of Agricultural and Forestry Sciences.

**Marinus (M.) Minderhoud:** Chairman of the Board of Directors of Vodafone International Holdings B.V. (telecom). Chairman of Vodafone Europe B.V. Chairman of the Supervisory Board of Getronics ("ICT"). Chairman of the Supervisory Board of De Hypothekers Associatie B.V. (mortgages) (until July 4, 2007).

**Paul (F.M.) Overmars:** Member of the Supervisory Board of Eureko B.V. Member of Executive Committee of Vereniging Achmea.

Chairman of the Supervisory Board of Leydse Oranje Nassau Groep B.V. Chairman of the Supervisory Board of Quien B.V. (until July 4, 2007). Member of the Supervisory Board of Heembouw Groep B.V. Vice Chairman of the Supervisory Board of Eureko-Achmea.

**Herman (H.C.) Scheffer:** Senior Counsel Boer & Croon (strategy and management). Member of



the Supervisory Board of the Coöperatieve Cehave Landbouwbelang (agriculture). Member of the Supervisory Board of Joint Services International N.V. (clothing). Chairman of the Supervisory Board of De Drie Mollen (coffee and tea). Member of the Advisory Board of De Telefoongids N.V. (yellow pages).

**Martin (M.J.M.) Tielen:** Advisor of the Netherlands Feed Industry Association. President of the European Federation for Feed Manufacturers (“FEFAC”). Member of the Board of Directors of International Feed Industry Federation (“IFIF”).

**Aad (A.W.) Veenman:** Chairman of the Executive Board of N.V. Nederlandse Spoorwegen (Dutch railways). Chairman of the Supervisory Board of Koninklijke Ten Cate N.V. (textile). Member of the Supervisory Board of TENNET B.V.

**Cees (C.P.) Veerman:** Part-time professor sustainable rural development from a European perspective at the University of Tilburg and Wageningen University. Chairman of the Association of Natural monuments (*Vereniging Natuurmonumenten*).

**Antoon (A.J.A.M.) Vermeer:** Chairman of the Board of Directors of the Southern Agriculture and Horticulture Organisation. Member of the Board of Directors of the Netherlands’ Agriculture and Horticulture Organisation. Chairman of the Supervisory Board of Sovion N.V.

**Arnold (A.H.C.M.) Walravens:** Vice-Chairman of the Supervisory Board of Eureko B.V. Vice-Chairman of the Board of Directors of Achmea Association. Member of the Supervisory Board of OWM Molest-risico

W.A. Vice-Chairman of Executive Committee of Vereniging Achmea. Chairman of the Supervisory Board of Sneep Industries B.V. Member of the Supervisory Board of Tauw (infrastructure consultancy). Director of MBA Studies and Member of the senate of International Executive Development Center, Bled, Slovenia. Chairman of the Supervisory Board of Wolters Kluwer Nederland B.V. (multi-media publisher).

The following persons, all of whom are resident in the Netherlands, are appointed members of the Executive Board of Rabobank Nederland.

## Executive Board of Rabobank Nederland

Name	Born	Year Appointed	Nationality
Bert (H.) Heemskerk, Chairman	1943	2002	Dutch
Bert (A.) Bruggink	1963	2004	Dutch
Hans (J.C.) ten Cate	1946	2000	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. 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 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 ("CFO") 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: chairman of the Dutch interbank policy committee on accounting, member of the Dutch interbank policy committee on supervision, member of the Dutch interbank policy committee on monetary policy, member of the Dutch interbank policy committee on risk management, member of the Dutch interbank policy committee of CFO's and member of policy committee on accounting of international bank associations. He also works as a part time professor at the Twente University of Technology (Financial Institutions and Markets). He is a member of the Advisory Council of Isala Klinieken and member of the Board of Supervisory Directors ROVA.

**Hans (J.C.) ten Cate:** Mr. ten Cate was appointed to Rabobank Nederland's Executive Board as of September 1, 2000. As one of the two members of the Executive Board responsible for the international business, Mr. ten Cate is primarily responsible for Rabobank International and the Credit Risk Department. Prior to joining Rabobank Nederland,

Mr. ten Cate was employed at AMRO Bank/ABN AMRO for more than 25 years, concluding his tenure there as Senior Executive Vice-President (*directeur generaal*) Credit & Special Financing in 2000. Within the Rabobank Group, Mr. ten Cate also serves as Chairman of the Supervisory Board of Rabo Vastgoed, Chairman of the Supervisory Board of De Lage Landen, Chairman of the Supervisory Board of FGH Bank, Vice-Chairman of the Supervisory Board of Robeco, Vice-Chairman of the Yes Bank in India and member of the Supervisory Board of Rabohypotheekbank. Mr. ten Cate also acts as Chairman of the Supervisory Board of Beurs Rotterdam N.V., Treasurer of the Foundation Museum Boijmans van Beuningen, Chairman of the Erasmus University Trust Fund, member of the Supervisory Board of Janivo Holding B.V. and member of the Board of VNO/NCW.

**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 banks. 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 an unsponsored chair as a professor of corporate governance at the University of Tilburg. Within the Rabobank Group Mr. Moerland serves as a member of the Supervisory Board of Rabobank International Advisory Services B.V. and as a member of the Board of Directors of Rabobank Foundation. Outside

Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Netherlands Order of Accountants and Administration Consultants, Head of the Board of Directors of the NVB (Association of Dutch Banks), member of the Executive Committee European Association of Co-operative Banks (Groupement) and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten.

**Sipko (S.N.) Schat:** Mr. Schat was appointed to Rabobank Nederland's Executive Board as per July 1, 2006. As one of the two members of the Executive Board responsible for the international business, Mr. Schat is 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 Member of the Supervisory Board of De Lage Landen International and Member of the Supervisory Board of Bouwfonds N.V.

**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 banks, 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 Rabohypotheekbank, 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.

## Central Delegates Assembly

Influence and control of the local Rabobanks with respect to Rabobank Nederland is exercised directly or indirectly via representation in two corporate bodies, the Central Delegates Assembly and the General Meeting.

The Central Delegates Assembly consists of the board members of the various Regional Delegates Assemblies, which consist of the members of Rabobank Nederland, the local Rabobanks. The powers of the Central Delegates Assembly include, amongst others, the establishment of rules that all

member banks must comply with and the right to approve the annual plan and the budget of Rabobank Nederland insofar as this concerns the business of the member banks. The outcome can influence Rabobank Nederland's policy. Furthermore, in the Central Delegates Assembly, substantive discussions take place which mainly concern the business of the local Rabobanks.

## The General Meeting

The General Meeting 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, amendments to the Articles of Association and regulations, and the appointment of members of the Supervisory Board.

## Governance of the local Rabobanks

Each local Rabobank within the Rabobank Group is governed by a Board of Directors and a Supervisory Board. Members of the Supervisory Board are elected by the members of the local Rabobank from their ranks. There are two possible management models for the local Rabobanks: the partnership model and the executive model.

## Partnership model

In the partnership model, the management of the local Rabobanks 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 management. Banks using the partnership model may install

a members' council and always have a general meeting.

## Executive model

In the executive model, the local Rabobanks have a Board of Directors comprising several persons appointed by the Supervisory Board. The Board of Directors operates under the supervision of the Supervisory Board. In this model, no managers are elected by the members from their ranks, as is the case in the partnership model. In order to firmly and permanently embed member influence and control in the structure, banks using the executive model install a members' council. The members' council assumes the bulk of the powers of the General Meeting and furthermore promotes and structures member control and engagement. The General Meeting continues to exist, but decides only on major issues that impact the local banks' continued existence.

## 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'.

## 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, the Netherlands Authority for the Financial Markets and the Dutch Minister of Finance. Rabobank Nederland and the various Rabobank Group entities are also subject to certain European Union ("EU") directives which have a significant impact on the regulation of the Rabobank Group's banking, asset management and broker-dealer businesses in the EU and the regulation and control of local central banks and monetary authorities of the various countries in which we do business.

### Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements develops international capital adequacy guidelines based on the relationship between a bank's capital and its credit risks. In this context, on July 15, 1988, the Basel Committee adopted risk-based capital guidelines (the "Basel guidelines"), which 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. Several consultative papers for a new capital accord were released by the Basel Committee on Banking Supervision, which were discussed by several international working parties. The new accord ("Basel II" - the previous Basel guidelines being referred to as "Basel I") was published in June 2004. The target is to achieve a flexible framework that is more closely in line with internal risk control and that will result in a more sophisticated credit risk weighting. The new 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 judgment 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 for 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'.

The Rabobank Group joined in a number of global exercises initiated by the Basel Committee, aimed

at establishing the consequences of Basel II. Given its traditionally low (credit) risk profile, the new capital adequacy requirements for the Rabobank Group are significantly lower than the ones under Basel I. The Rabobank Group had already started the implementation of Basel II well before it became applicable.

EC Directive 2000/12 and EEC Directive 1993/6, referred to under 'European Union Standards' below, have been recast by EC Directives 2006/48 and 2006/49, respectively, to introduce the new capital requirements framework. In the Netherlands, these new Directives were transposed into national regulations under the Financial Supervision Act. Basel II impacts the areas of risk sensitivity, group structures, equity holdings in non-banks and retail exposures.

## European Union Standards

The European Community ("EC") 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 requirements, but not

more lenient requirements. In 2000, the EC adopted the Directive of March 20, 2000 on the taking up and pursuit of the Business of Credit Institutions ("EC Directive 2000/12"), which directive consolidated various previous directives, including the Capital Directives.

As stated above, 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 are available from January 2007 and the most advanced approaches from January 2008.

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

- I. ensure that a financial conglomerate has adequate capital;
- II. introduce methods for calculating a conglomerate's overall solvency position;
- III. deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- IV. 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 provides that EU Member States have to provide that the provisions of this directive shall first apply to the supervision of accounts for the financial year beginning on January 1, 2007. This directive was implemented in the Netherlands in the Financial Supervision Act that came into effect on January 1, 2007.

## Dutch Regulation

### General

In 2001, a major supervisory reform was undertaken in the Netherlands. The sector-oriented supervision (by the Dutch Central Bank on banks, the Pensions and Insurance Supervisory Board on pension funds and insurance institutions and the Netherlands Authority for the Financial Markets on securities institutions) has been replaced by a more functional approach. As of September 2002, supervision has been divided into prudential supervision, carried out by the Dutch Central Bank (which has merged with the Pension and Insurance Supervisory Board), 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. Our 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 intends to make use of the advanced approach once available from January 1, 2008. For operational risk Rabobank uses the then 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 (*eigen vermogen*) 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 purposes of the Financial Supervision Act, 'qualified holding' is defined to mean the holding, directly or indirectly, of an interest of at least ten per cent 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 interest, 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.

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## PART 4

# Answers to Key Questions

## 1. What sort of investment is this?

The Capital Securities constitute direct, unsecured and subordinated obligations of Rabobank Nederland.

### Interest

The Interest Rate on the Capital Securities will be as follows:

- (a) For the first ten years (until October 8, 2017): the Initial Rate, which is equal to the sum of the Benchmark Rate (the one-year swap rate), which is reset annually, plus the Margin;
- (b) Thereafter (from October 8, 2017): the Floating Rate, which is equal to the sum of 3-month NZD-BBR-FRA (the 90 day bank bill rate), which is reset quarterly, plus the Margin.

A description of the interest rates which apply to the Capital Securities, how they are determined, and when they apply is set out on page 46 under the heading *What returns will I get?*

Interest is scheduled to be paid on the Capital Securities quarterly in arrear on each Interest Payment Date. However, interest may not necessarily be paid on the Capital Securities on each Interest Payment Date. Whether or not interest will be payable on an Interest Payment Date depends on whether, at the relevant time:

- (a) Rabobank Nederland is required by the Conditions to pay interest;
- (b) Rabobank Nederland is prohibited by the Conditions from paying interest; or
- (c) Rabobank Nederland has a discretion under the Conditions as to whether or not to pay interest.

The circumstances in which Rabobank Nederland is required to pay interest, is prohibited from paying interest, or has a discretion to pay interest, are described on page 46 under the heading *What returns will I get?*

If interest is not payable on an Interest Payment Date, that interest will not accumulate or compound and Holders of the Capital Securities will have no right to receive that interest at any time, even if interest is subsequently paid in the future.

## Redemption

The Capital Securities are perpetual securities which have no scheduled repayment date. However, Rabobank Nederland has the option to redeem the Capital Securities in certain circumstances (including from the First Call Date (October 8, 2017)), and has undertaken to exercise its option to redeem the Capital Securities on the first Conditional Call Date (October 8, 2037). The ability of Rabobank Nederland to redeem the Capital Securities, including on a Conditional Call Date, is subject to Rabobank Nederland satisfying certain conditions. These conditions, and the circumstances in which Rabobank Nederland is entitled to redeem the Capital Securities, are described on page 48 under the heading *What returns will I get?*

Holders of Capital Securities have no ability to require Rabobank Nederland to redeem their Capital Securities unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are described on page 49.

This means that Holders of Capital Securities have no ability to cash in their investment, except:

- (a) if Rabobank Nederland exercises its right to redeem or purchase the Capital Securities;

- (b) if permitted following an Event of Default; or
- (c) by selling their Capital Securities on the NZDX Market.

## No guarantee

The Capital Securities are obligations of Rabobank Nederland and are not guaranteed by any member of the Rabobank Group or any other person.

## 2. Who is involved in providing it for me?

### Issuer

The Issuer is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Rabobank Nederland's registered office in New Zealand is located at Level 20, 80 The Terrace, Wellington 6011. Rabobank Nederland is registered as an overseas company under the Companies Act 1993 and is a registered bank under the Reserve Bank of New Zealand Act 1989.

Rabobank Nederland has a long-term credit rating in respect of its long term indebtedness of AAA from Standard & Poor's, Aaa from Moody's Investors Service and AA+ from Fitch Ratings Ltd as at the date of this Investment Statement. A credit rating is not a recommendation to invest in the Capital Securities and may be subject to revision, suspension or withdrawal at any time.

### Description of Rabobank Nederland's Activities

The Netherlands-based Rabobank Nederland is one of the 25 largest banking institutions in the world in terms of assets and Tier 1 capital (according to *The*

*Banker* magazine, July 2007 <http://www.thebanker.com>) and is one of Europe's most recognised financial institutions. It has been operating as Rabobank Nederland since 1970 with the merger of the two largest banking cooperative entities in the Netherlands at that time and is the largest financial services provider in the Dutch market. A fuller description of Rabobank Nederland is set out above in Part 3 - Corporate Profile.

Rabobank Nederland has been a registered bank under the Reserve Bank of New Zealand Act 1989 since April 1996 and, as such, is exempt under the Securities Act 1978 from the requirement to appoint a trustee or prepare and register a prospectus for the Capital Securities.

## Registrar

The Registrar of the Capital Securities is Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, Private Bag 92119, Auckland 1142.

The Registrar will not be liable for any breach by Rabobank Nederland of any warranty, obligation or undertaking under the Capital Securities or any other agreement, including the non-payment of money due, nor will the Registrar be liable for any negligent act, error or omission on the part of Rabobank Nederland, nor for acting in accordance with any instruction or direction of Rabobank Nederland or with the consent or approval of Rabobank Nederland.

Rabobank Nederland has engaged Credit Suisse to provide it with assistance in preparing this Investment Statement. Credit Suisse has provided this assistance to Rabobank Nederland solely in its professional capacity. Credit Suisse is not a lead manager, co-manager or an organising participant and applications cannot be made to it.

This Investment Statement does not constitute a recommendation by Credit Suisse, the Joint Lead Managers or Rabobank Nederland to subscribe for, or purchase, any of the Capital Securities.

## 3. How much do I pay?

### Issue price and minimum investment

The issue price of each Capital Security is \$1.00.

Applications to subscribe for Capital Securities must be for a minimum principal amount of \$5,000, and in multiples of \$1,000 thereafter and payment of the total application amount in full must accompany the Application Form. There is no limit on the maximum amount of Capital Securities you may apply for; however, applications for less than \$5,000 will not be accepted.

Applications must be made on the Application Form contained at the back of this Investment Statement.

### Payments

Applicants who are members of the Austraclear System, or who are able to have payments made on their behalf through the Austraclear System, may settle their applications for Capital Securities on the Issue Date through the Austraclear System. Applicants who are not members of the Austraclear System or Austraclear members who wish to settle their applications prior to the Issue Date, must pay for the Capital Securities applied for by a personal cheque or, if the application is for Capital Securities of an aggregate principal amount of \$500,000 or more, by bank cheque or other method acceptable to the Joint Lead Managers. Cheques should be in New Zealand dollars drawn on a New Zealand

branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to “Rabobank Tier 1 Offer” and crossed “Not Transferable” and must not be post-dated.

## Where to send your Application Form and payment

Cheques should be delivered or sent, together with the Application Form, to:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142

Applications for Capital Securities may also be lodged with any NZX Firm, the Joint Lead Managers and the Co-Managers or any other channel approved by NZX. Applications must be sent or delivered in time to enable the application to be forwarded to the Registrar for receipt by 5:00 pm Auckland time on the Closing Date (October 5, 2007 unless the offer is closed early).

## Applications

Rabobank Nederland reserves the right to refuse all or any part of any application without giving a reason including (but without limitation) where an applicant has not provided account details for payments by direct credit.

Rabobank Nederland will pay interest at the Official Cash Rate on application money received in respect of accepted applications for Capital Securities from (and including) the date the cheque is banked or the application is settled through the Austraclear System until (but excluding) the Issue Date. Such interest (less any applicable withholding tax) will be paid to successful applicants within five Business Days

after the Issue Date and will be paid into the bank account nominated by such applicants on the Application Form.

Any application money received in respect of an application which is not accepted by Rabobank Nederland, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after Rabobank Nederland decides not to accept the application and, in any event, within 14 calendar days of the Closing Date.

If Rabobank Nederland accepts an application in part, the balance of the application money (without interest) will be refunded as soon as reasonably practicable and, in any event, within 14 calendar days of the Closing Date.

Where an applicant's payment for Capital Securities is dishonoured, Rabobank Nederland may forfeit any Capital Securities issued to that applicant, and may pursue the defaulting applicant for damages suffered by Rabobank Nederland.

Rabobank Nederland intends to pay brokerage to NZX Firms in respect of applications for Capital Securities. This will not affect your return on the Capital Securities.

Applications cannot be withdrawn or revoked.

## No cooling off

There is no cooling off period during which an investor can cancel his or her investment in Capital Securities.

## 4. What are the charges?

Applicants pay no fees or charges to invest in the Capital Securities. NZX Primary Market Participants and approved financial intermediaries will receive a brokerage fee from Rabobank Nederland of 1.25% of the issue price of Capital Securities allotted pursuant to applications submitted bearing their stamp.

However, applicants may have to pay a brokerage fee or commission to the person who recommends the investment or arranges the application. Brokerage is also likely to be payable on the transfer of any Capital Securities effected through an NZX Firm.

## 5. What returns will I get?

### Overview

The information set out in this section should be read in conjunction with the information set out on page 55 under the heading *What are my risks?* and Conditions 5, 6, 7 and 8. Certain events could reduce or eliminate the returns intended to be derived from holding the Capital Securities.

It is not possible to quantify as at the date of this Investment Statement the exact amount of returns Holders will receive, and therefore no such amount can be promised by Rabobank Nederland.

### Interest Rate

#### For the First Ten Years - The Initial Rate

For the period from (and including) the Issue Date (October 8, 2007) to (but excluding) the First Call Date (October 8, 2017) the Interest Rate on the Capital Securities will be the Initial Rate.

The Initial Rate will be equal to the sum of the

applicable Benchmark Rate, which is reset annually, plus the Margin. The Benchmark Rate is the one-year swap rate, and is described in more detail in the Conditions. The Benchmark Rate will be determined by the Calculation Agent on the Issue Date and on each anniversary of the Issue Date until (and including) October 8, 2016.

The Margin will be a percentage rate per annum determined by Rabobank Nederland in consultation with the Joint Lead Manager and Organising Participant prior to the Issue Date and will not subsequently change. The Margin will be advised by NZX announcement and for Investment Statements distributed after the Margin is set on September 14, 2007, by a rate card accompanying those Investment Statements. Your NZX adviser or other financial adviser can also notify you of the Margin once it has been determined.

#### After the First Ten Years - The Floating Rate

For the period from (and including) the First Call Date (October 8, 2017) to (but excluding) the date the Capital Securities are redeemed, the Interest Rate on the Capital Securities will be the Floating Rate.

The Floating Rate will be equal to the sum of the applicable 3-month NZD-BBR-FRA, which is reset quarterly, plus the Margin. The 3-month NZD-BBR-FRA is the 90 day bank bill rate, and is described in more detail in the Conditions. The 3-month NZD-BBR-FRA will be determined by the Calculation Agent on the First Call Date and at 3 monthly intervals thereafter.

The Margin for the Floating Rate will be the same as the Margin for the Initial Rate and will not subsequently change.



## Interest Payments

Interest is scheduled to be paid on the Capital Securities quarterly in arrear on each Interest Payment Date. However, interest may not necessarily be paid on the Capital Securities on each Interest Payment Date. Rabobank Nederland's obligation to pay interest on the Capital Securities on any Interest Payment Date will depend into which of the following categories such interest falls:

- (a) *Required Interest* - interest that Rabobank Nederland must pay in full or in part, unless it is Prohibited Interest;
- (b) *Prohibited Interest* - interest that Rabobank Nederland must not pay under any circumstances; or
- (c) *Discretionary Interest* - interest that is neither Required Interest nor Prohibited Interest which Rabobank Nederland may pay at its discretion, subject to the approval of the Dutch Central Bank (if required).

### Required Interest

Interest scheduled for payment on a particular Interest Payment Date will be Required Interest payable in full, as described in Condition 6(a), if Rabobank Nederland or any other member of the Rabobank Group:

- (i) declares or pays a dividend or distribution or makes any other payment covering an annual or semi-annual period with respect to certain securities which rank junior to the Capital Securities; or
- (ii) exchanges or converts, redeems, repurchases or otherwise acquires certain securities which rank junior to the Capital Securities.

Interest scheduled for payment on a particular Interest Payment Date will be Required Interest

payable in part or in full if Rabobank Nederland or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment covering an unspecified period or a period other than an annual or semi-annual period with respect to certain securities which rank junior to the Capital Securities, as described in Condition 6(b).

Interest scheduled for payment on a particular Interest Payment Date will be Required Interest payable on a pro rata basis if Rabobank Nederland or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment with respect to certain securities which rank equally with the Capital Securities, as described in Condition 6(c).

### Prohibited Interest

Interest scheduled for payment on a particular Interest Payment Date will be Prohibited Interest to the extent that applicable Solvency Rules prohibit Rabobank Nederland or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the Capital Securities or other securities ranking equal with, or junior to, the Capital Securities. Full details of the circumstances in which Rabobank Nederland is prohibited from paying interest on the Capital Securities are described in Condition 7(a).

### Discretionary Interest

Interest scheduled for payment on a particular Interest Payment Date will be Discretionary Interest if it is neither Required Interest under Condition 6 nor Prohibited Interest under Condition 7(a). Full details of the circumstances in which Rabobank Nederland has a discretion to pay interest on the Capital Securities is described in Condition 7(b).

## General

If interest is payable on the Capital Securities, it will be paid to the person registered as the Holder on the relevant Record Date as determined in accordance with Condition 9(a).

If interest is not payable on an Interest Payment Date, that interest will not accumulate or compound and Holders of the Capital Securities will have no right to receive that interest at any time, even if interest is subsequently paid in the future.

## No scheduled repayment date

The Capital Securities are perpetual securities which have no scheduled repayment date. However, Rabobank Nederland has the option to redeem the Capital Securities in certain circumstances (including from the First Call Date (October 8, 2017)), and has undertaken to exercise its option to redeem the Capital Securities on the first Conditional Call Date (October 8, 2037). The ability of Rabobank Nederland to redeem the Capital Securities, including on a Conditional Call Date, is subject to Rabobank Nederland satisfying certain conditions, as described below.

Holders of Capital Securities have no ability to require Rabobank Nederland to redeem their Capital Securities unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are described on page 49.

This means that Holders of Capital Securities have no ability to cash in their investment, except:

- (a) if Rabobank Nederland exercises its right to redeem or purchase the Capital Securities;
- (b) if permitted following an Event of Default; or
- (c) by selling their Capital Securities on the NZDX Market.

## Redemption

Any redemption of Capital Securities by Rabobank Nederland is subject to Rabobank Nederland:

- (a) obtaining the prior written consent of the Dutch Central Bank (if required);
- (b) giving not less than 30 nor more than 60 calendar days' notice to the Holders and the Registrar; and
- (c) both at the time of, and immediately following, the redemption being in compliance with its capital requirements as provided in the Solvency Rules.

If Rabobank Nederland exercises its right to redeem the Capital Securities, it will redeem the Capital Securities at their principal amount plus any accrued and unpaid interest for the then current Interest Period and any additional amounts payable under Condition 11 or 12.

Rabobank Nederland is entitled to redeem all (but not some only) of the Capital Securities only in the following circumstances:

- (a) **Issuer's call option:** If it elects to redeem the Capital Securities on the First Call Date (October 8, 2017) or on any Floating Rate Interest Payment Date thereafter.
- (b) **Redemption due to taxation:** If:
  - (i) as a result of a Tax Law Change, there is more than an insubstantial risk that Rabobank Nederland will be required to pay additional amounts under Condition 11 or 12 with respect to payments on the Capital Securities; or
  - (ii) as a result of a Tax Law Change, interest payable on the Capital Securities when paid would not be deductible by Rabobank Nederland for Netherlands' corporate

income tax purposes,  
and, in each case, Rabobank Nederland delivers to the Registrar a copy of an opinion of an independent, nationally recognised law firm or other tax adviser in the Netherlands experienced in such matters confirming Rabobank Nederland's right to exercise its option to redeem the Capital Securities.

- (c) **Redemption for regulatory purposes:** If the Dutch Central Bank notifies Rabobank Nederland that the Capital Securities may not be included in consolidated Tier 1 Capital of the Rabobank Group.

In addition, Rabobank Nederland, or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if required) and in compliance with applicable Listing Rules, at any time purchase any or all Capital Securities in any manner and at any price whereupon such Capital Securities will be cancelled.

## Redemption on Conditional Call Date

Unless the Capital Securities have previously been redeemed or purchased, Rabobank Nederland undertakes to exercise its option to redeem the Capital Securities on the first Conditional Call Date (October 8, 2037), subject to:

- (a) interest on that Conditional Call Date being Required Interest; and
- (b) Rabobank Nederland having raised (or caused to be raised by the Rabobank Group) the amount (if any) which it determines, in consultation with the Dutch Central Bank, is required to be raised through the issuance of securities that qualify as consolidated Tier 1 Capital of the Rabobank Group under the Solvency Rules to

replace the Capital Securities on or prior to their redemption.

Full details of a redemption on a Conditional Call Date and the conditions which need to be satisfied are set out in more detail in Condition 8(c).

## Events of Default

The Events of Default are limited to (i) default by Rabobank Nederland for more than 30 days in the payment of interest or principal in respect of any of the Capital Securities, or (ii) the bankruptcy, winding-up, liquidation or administration of Rabobank Nederland or filing of an application for a declaration under Article 3:160 of the Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, in respect of Rabobank Nederland, as more fully described in Condition 10.

If an Event of Default occurs, the Holder of any Capital Security may, by written notice to Rabobank Nederland, declare the Capital Securities held by the Holder to be forthwith due and payable, whereupon the principal amount of the Capital Securities plus any accrued and unpaid interest for the then current Interest Period and any additional amounts payable under Condition 11 or 12 will become immediately due and payable, provided that repayment can only be made after Rabobank Nederland has obtained the prior written consent of the Dutch Central Bank.

If the prior written consent of the Dutch Central Bank has been obtained for repayment of the Capital Securities, Rabobank Nederland's obligation to repay the Capital Securities in the case of bankruptcy or dissolution of Rabobank Nederland or in the event of a Moratorium (i) will rank subordinate and junior to indebtedness of Rabobank Nederland (other than Rabobank Nederland's obligations under any guarantee or contractual rights that effectively rank

*pari passu* with, or junior to, Rabobank Nederland's obligations under the Capital Securities), and (ii) will rank *pari passu* effectively with Rabobank Nederland's most senior ranking preferred equity securities or preferred or preference shares and certain other obligations, all as more fully described in Condition 4.

## Key factors that determine returns

The key factors that determine the returns on a Holder's investment are:

- the Interest Rate applicable to the Capital Securities;
- whether the payment of interest on the Capital Securities by Rabobank Nederland is required, prohibited or discretionary;
- the extent to which Rabobank Nederland makes a profit (if any) from its operations;
- whether the Capital Securities are redeemed;
- any applicable taxes;
- fluctuations in the price of the Capital Securities if sold on the secondary market, as described under the heading "*Transferring Capital Securities*" below; and
- the other risk factors described under the heading *What are my risks?* on page 55.

## Taxation of Returns - New Zealand taxation

The return on the Capital Securities may be affected by taxes. The below summary is based on independent advice Rabobank Nederland has received from its New Zealand solicitors. The comments below are of a general nature and are based on provisions currently in force in New Zealand as at the date of this Investment Statement. They relate to the position of persons who are the

beneficial owners of the Capital Securities. The comments are not exhaustive and, in particular, may not deal with the position of certain classes of Holders. Holders should consult their own professional advisers in relation to the New Zealand taxation implications of acquiring, holding or disposing of the Capital Securities in their own particular circumstances.

One of two kinds of New Zealand withholding tax potentially applies to interest paid on a Capital Security and the application money held until (but excluding) the Issue Date. Neither Rabobank Nederland nor the Registrar will make any additional payment to Holders on account of the deduction of such withholding tax or any approved issuer levy (see further below). All Holders (including those resident outside New Zealand) must give written notice to the Registrar (or, where applicable, to the custodian/nominee registered as the Holder in respect of Capital Securities that are held by the custodian/nominee on behalf of the beneficial owner of such Capital Securities) of their country of residence for taxation purposes and, if not New Zealand tax resident, whether the Holder is engaged in business in New Zealand through a branch or other fixed establishment in New Zealand. This requirement for written notice is satisfied for initial Holders where the relevant parts of the Application Form are completed by applicants.

Under Condition 9, each Holder indemnifies Rabobank Nederland or the Registrar (as the case may be) in respect of any payment which Rabobank Nederland or the Registrar becomes liable to make of or on account of tax payable by that Holder in relation to any Capital Security. Rabobank Nederland or the Registrar (as the case may be) may deduct any indemnity payment from future amounts payable to that Holder.

## 1. Resident withholding tax

Resident withholding tax potentially applies to interest paid to a Holder who:

- (a) is resident in New Zealand for New Zealand income tax purposes; or
- (b) is not resident in New Zealand for New Zealand income tax purposes but who is engaged in business in New Zealand through a fixed establishment in New Zealand.

Resident withholding tax is not applicable if the Holder is the holder of a valid certificate of exemption or is a registered bank for the purposes of the Reserve Bank of New Zealand Act 1989. Where appropriate, the Holder should provide a copy of their certificate of exemption to the Registrar (or, as applicable, the custodian/nominee) before the first Interest Payment Date on which they hold Capital Securities.

If the Holder has provided a copy of their certificate of exemption, and the certificate of exemption is subsequently cancelled, the Holder is required by New Zealand law to notify the Registrar (or, as applicable, the custodian/nominee) of the cancellation within five working days of receipt of the notice of cancellation.

If applicable, resident withholding tax will be deducted from a payment of interest on the Capital Securities at a rate of 19.5%, 33% or 39%, at the Holder's election, if the Holder's IRD Number is supplied to the Registrar. However, a company cannot elect the 19.5% rate. A "non-declaration" 39% rate applies if the Holder's IRD Number is not supplied.

Neither Rabobank Nederland nor the Registrar will make any additional payments to Holders on account of the deduction of New Zealand resident withholding tax.

## 2. Non-resident withholding tax

Non-resident withholding tax applies to interest that is paid in respect of the Capital Securities to a Holder who:

- (a) is not resident in New Zealand for New Zealand income tax purposes; and
- (b) is not engaged in business in New Zealand through a fixed establishment in New Zealand.

The New Zealand Income Tax Act 2004 provides that non-resident withholding tax shall be deducted from a payment of interest at a rate of 15% and accounted for to the New Zealand Inland Revenue Department. If non-resident withholding tax is deducted, the Holder agrees that the net payment becomes the interest payable to the Holder and that no further payment is required to be made by Rabobank Nederland or the Registrar (or, as applicable, the custodian/nominee) to compensate the Holder for the reduction on account of non-resident withholding tax.

However, double tax agreements to which New Zealand is a party may operate to prevent the imposition of non-resident withholding tax in respect of interest paid on the Capital Securities.

At the date of this Investment Statement, that should be the case for institutional Holders or other Holders for whom interest on the Capital Securities is in the nature of business profits, who do not have a permanent establishment in New Zealand, and who are tax resident in Australia, Belgium, Chile, China, Denmark, Finland, France, Germany, India, Indonesia, Ireland, Italy, Korea, Mexico, the Netherlands, Norway, the Philippines, Poland, Russia, South Africa, Spain, Switzerland, Taiwan, Thailand, United Arab Emirates, the United Kingdom or the United States. However, Holders should seek their own independent taxation advice in that respect, by reference to their

particular circumstances and any relevant double tax agreement.

A Holder who believes that a double tax agreement has that effect should provide the Registrar (or, as applicable, the custodian/nominee) with satisfactory evidence supporting that position (including, but not limited to, evidence of their country of residence for taxation purposes). If it eventuates that any relevant double tax agreement does not have that effect, the relevant Holder must indemnify Rabobank Nederland and/or the Registrar (or, as applicable, the custodian/nominee) for any taxation and related interest, penalties, costs and expenses that arise as a result.

#### **Approved issuer levy**

Approved issuer levy may apply instead of non-resident withholding tax.

If Rabobank Nederland (at its discretion) makes appropriate elections, the Capital Securities may become “registered securities” subject to the approved issuer levy taxation regime. If so, and if Rabobank Nederland is lawfully able to pay the levy in respect of the payment of interest to a Holder, the interest otherwise payable to the Holder will be reduced by an appropriate amount of approved issuer levy, in lieu of the deduction of non-resident withholding tax as described above. Rabobank Nederland or the Registrar (or, as applicable, the custodian/nominee) will pay the approved issuer levy to the New Zealand Inland Revenue Department.

The current rate of approved issuer levy is 2%.

If approved issuer levy is applied, the Holder agrees that the net payment becomes the interest payable to the Holder and that no further payment is required to be made by Rabobank Nederland or the

Registrar (or, as applicable, the custodian/nominee) to compensate the Holder for the reduction on account of approved issuer levy.

#### **Election regarding deduction of non-resident withholding tax / approved issuer levy**

If a Holder makes a request to the Registrar (or, as applicable, the custodian/nominee) in writing no later than 5 Business Days prior to the Record Date in respect of an Interest Payment Date, the Registrar (or, as applicable, the custodian/nominee) will deduct non-resident withholding tax, instead of the approved issuer levy, from the interest payable to that Holder on such Interest Payment Date (and, if stipulated in the request, all subsequent Interest Payment Dates until the request is revoked in writing by the Holder no later than 5 Business Days prior to the Record Date (in respect of a particular Interest Payment Date) on and from which the revocation is to take effect). This requirement for written notice is satisfied for initial Holders where the relevant parts of the Application Form are completed by applicants.

If such a request is not made or has been revoked, then the Registrar (or, as applicable, the custodian/nominee) will deduct approved issuer levy as described above. In other words, if Rabobank Nederland has registered the Capital Securities for approved issuer levy purposes as described above, the default position is for the levy to be deducted.

### **3. Income tax**

The “financial arrangements rules” may apply to the Holder of a Capital Security who:

- (a) is resident in New Zealand for New Zealand income tax purposes; or
- (b) is not resident in New Zealand for New Zealand income tax purposes but who holds the Capital Security for the purposes of a business carried on in New Zealand through a fixed

establishment in New Zealand.

If applicable, the financial arrangements rules may require the Holder to adopt a spreading method to recognise the Holder's annual interest income from the Capital Securities. The adoption of a spreading method is not required for a Holder able to be classified as a "cash basis person".

The financial arrangements rules require all Holders subject to the rules, including a cash basis person, to perform a "base price adjustment" calculation upon sale, transfer, redemption or repurchase of the Capital Securities. The calculation may bring to account any previously unrecognised gain on the Capital Securities, including any gain from the sale, transfer, maturity or redemption.

## Taxation of Returns - Netherlands taxation

The following is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Dutch tax law which could be of relevance to a Holder of Capital Securities. Prospective Holders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Capital Securities.

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

Any payments made under the Capital Securities will not be subject to withholding or deduction for, or on account of, any Dutch Taxes.

## Taxes on income and capital gains

A Holder will not be subject to any Dutch Taxes on any payment made to the Holder under the Capital Securities or on any capital gain made by the Holder from the disposal, or deemed disposal, or redemption of, the Capital Securities, except if:

- (i) the Holder is, or is deemed to be, resident in the Netherlands; or
- (ii) the Holder is an individual and has opted to be taxed as if resident in the Netherlands for Dutch income tax purposes; or
- (iii) the Holder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of the 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 Capital Securities are attributable; or
- (iv) the Holder is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Capital Securities, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or
- (v) the Holder is entitled other than by way of the holding of securities to a share in the profits of an enterprise effectively managed in the Netherlands to which the Capital Securities are attributable.

### **Gift tax or inheritance tax**

No Dutch Taxes are due in respect of any gift of the Capital Securities by, or inheritance of the Capital Securities on the death of, a Holder, except if:

- (a) the Holder is resident, or is deemed to be resident, in the Netherlands; or
- (b) at the time of the gift or death of the Holder, his Capital Securities 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 Holder passes away within 180 days after the date of the gift of the Capital Securities 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 of the Netherlands; or
- (d) the Holder is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Capital Securities 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 a resident in the Netherlands at any time during the 12 months preceding the date of the gift. Furthermore, under circumstances a Holder will be deemed to be a 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 Rabobank Nederland or a Holder by reason only of the issue, acquisition or transfer of the Capital Securities.

### **Residency**

Subject to the exceptions above, a Holder will not become resident, or deemed resident, in the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of Rabobank Nederland's performance, or the Holder's acquisition (by way of issue or transfer to it), holding and/or disposal of the Capital Securities.

### **EC Council Directive**

As of 1 July, 2005, based on Directive 2003/48/EC, the tax authorities of the EU Member States provide each other with details of payments of interest and similar income made to individuals who are the beneficial owner of those payments, but permits Austria, Belgium and Luxembourg instead to impose a withholding tax on the payments concerned for a "transitional period". The Directive also provides that no such withholding tax should be levied where the beneficial owner of the payment authorises an exchange of information and/or where the beneficial owner presents a certificate from the tax authority of the EU Member State in which the beneficial owner is resident. A number of non-EU countries and certain dependent or associated territories have agreed to adopt similar measures (in certain cases on a reciprocal basis). The Directive does not preclude EU Member States from levying other types of withholding tax.



## No Guarantee of Returns

Rabobank Nederland is legally liable for paying you the returns set out in this section. The returns are not guaranteed by any member of the Rabobank Group or any other person.

### Transferring Capital Securities

If Holders transfer any Capital Securities, the price obtained for them may differ from the amount paid to purchase them. This is because changes in market interest rates can affect the market value of the Capital Securities. For instance, if market rates go up, the market value of your Capital Securities may go down and vice versa.

The same situation applies if an investor buys Capital Securities from another person - the price paid for the Capital Securities may differ from their original purchase price.

The proximity of an interest payment to the date that a Holder sells their Capital Securities can also affect the price obtained for them.

Capital Securities may only be transferred in multiples of \$1,000 and no transfer may be made if it results in the transferor or the transferee holding Capital Securities the principal amount of which is less than \$5,000 in aggregate (unless the lesser amount is zero).

Rabobank Nederland will not compensate Holders for any loss incurred if Holders choose to sell Capital Securities.

Applicants should not attempt to sell Capital Securities until they know whether, and how many, Capital Securities have been issued to them. Neither Rabobank Nederland, the Joint Lead Managers, the Arranger nor any of their respective directors or employees or any other person accepts any liability

or responsibility should any applicant for Capital Securities attempt to sell or otherwise deal with any Capital Securities before receiving a statement recording the number of Capital Securities (if any) issued to them.

## 6. What are my risks?

### Loss of investment and/or expected returns

There is a risk of you not recovering the sum which you paid for the Capital Securities and/or of you not receiving the returns described above in the section *What returns will I get?* as a result of the following:

#### Subordination and Insolvency Risk

- The Capital Securities are deeply subordinated obligations of Rabobank Nederland which means that in the case of Rabobank Nederland's bankruptcy, a Moratorium, or dissolution of Rabobank Nederland, Holders of the Capital Securities will not be entitled to any payment of the principal amount of their Capital Securities or any interest until all Senior Creditors (including depositors and holders of unsubordinated debt) have been paid in full as set out in Condition 4. The Conditions do not restrict the amount of unsubordinated debt ranking ahead of the Capital Securities which Rabobank Nederland may incur.

#### Interest Payment Risk

- Interest may not necessarily be paid on the Capital Securities on each Interest Payment Date. Whether or not interest will be payable on an Interest Payment Date depends on whether, at the relevant time:
  - (a) Rabobank Nederland is required by the Conditions to pay interest;

- (b) Rabobank Nederland is prohibited by the Conditions from paying interest; or
- (c) Rabobank Nederland has a discretion under the Conditions as to whether or not to pay interest.

The circumstances in which Rabobank Nederland is required to pay interest, is prohibited from paying interest, or has a discretion to pay interest, are described on page 46 under the heading *What returns will I get?* and in Conditions 5, 6 and 7.

### Transfer Risk

If a Holder transfers their Capital Securities before they are redeemed (as described in *What returns will I get?* above and *How do I cash in my investment?* below), the price at which they are able to sell their Capital Securities may be less than the price paid for them. This is because changes in the market interest rates and other factors can affect the market value of the Capital Securities. For example, if market rates go up, the market value of the Capital Securities may go down, and vice versa. The loss or gain is also, in part, a function of the effect of a change in underlying market interest rates on the value of your investment. Capital Securities will 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 Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

### Profit Risk

- The extent to which Rabobank Nederland makes a profit from its operations (if any) will affect whether the payment of interest is required, prohibited or discretionary as described on page 46 under the heading *What returns will I get?* and in Conditions 5, 6 and 7.

### Dutch law risk

The Capital Securities are constituted by the Conditions which are governed by Netherlands law and under Condition 19, Rabobank Nederland has submitted to the non-exclusive jurisdiction of the courts of Amsterdam, the Netherlands, in relation to the Capital Securities. This means that any claim or dispute relating to the Conditions will be determined in accordance with Netherlands law which will be different to New Zealand law.

### Enforceability risk

Rabobank Nederland is incorporated under the laws of the Netherlands and has its centre of main interest in the Netherlands. Therefore, it may be more difficult for Holders to pursue their rights in the event of Rabobank Nederland's bankruptcy, a Moratorium or the dissolution of Rabobank Nederland than it would be if the issuer of the Capital Securities were a New Zealand incorporated bank.

### Liquidity risk

The Capital Securities have no scheduled repayment date. This means that Holders of Capital Securities have no ability to cash in their investment except:

- (a) if Rabobank exercises its rights to redeem or purchase the Capital Securities;
- (b) if permitted following an Event of Default; or
- (c) by selling their Capital Securities on the NZDX Market.

### Change of law

The Conditions of the Capital Securities are based on law in effect in the Netherlands as at the date of this Investment Statement. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after

the date of this Investment Statement.

## Liquidation

If Rabobank Nederland is placed in liquidation:

- Holders may not recover all their principal investment or receive the expected returns;
- Holders will not be obliged to pay any more than their original investment in the Capital Securities;
- Holders will not be entitled to any payment of principal or interest on their Capital Securities until all Senior Creditors have been paid in full as set out in Condition 4; and
- Holders' claims on the assets of Rabobank Nederland will thereafter rank as set out in Condition 4.

## Risks to Rabobank Group's operations

At the date of this Investment Statement Rabobank Nederland has a long-term credit rating in respect of its senior indebtedness of AAA from Standard & Poor's, Aaa from Moody's Investors Services and AA+ from Fitch Ratings Ltd and the Capital Securities are expected to be assigned on the Issue Date long-term credit ratings of AA by Standard & Poor's, Aa2 by Moody's Investors Service and AA from Fitch Ratings Ltd. Credit ratings are not a recommendation to purchase, sell, or hold an investment.

Two important risk components to the Rabobank Group operations which will also, therefore, be risks to Holders are credit risk and interest rate risk.

### Credit risk

Rabobank Group pursues a prudent screening policy for new customers, characterised by careful assessment of clients and their ability to make repayments. Rabobank Group grants loans only if

it expects that a client can fully meet its payment commitments. Rabobank Group's portfolio is divided across a large number of business sectors. This creates a large and balanced risk spread, so that the quality of the financing portfolio does not significantly deteriorate if one or more business sectors go through a difficult period or in the event of an economic recession. Approval of larger financing applications is decided on by various committees, the level of the applicable committee depending on the amount of the requested financing. The Executive Board itself decides on the largest financing applications.

### 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 increase, 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.

## 7. Can the investment be altered?

Once Rabobank Nederland has accepted your application, the Capital Securities can only be altered by amendment to the Conditions.

Rabobank Nederland and the Registrar may amend the Conditions in any of the following cases:

- (a) without the consent of Holders where such amendment is of a minor or technical nature

or is made to comply with applicable laws, including the Listing Rules or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner Rabobank Nederland and the Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders; or

- (b) where it is authorised by an Extraordinary Resolution of Holders of all Capital Securities.

## 8. How do I cash in my investment?

### No scheduled repayment date

The Capital Securities are perpetual securities which have no scheduled repayment date. However, Rabobank Nederland has the option to redeem the Capital Securities in certain circumstances (including from the First Call Date (October 8, 2017)), and has undertaken to exercise its option to redeem the Capital Securities on the first Conditional Call Date (October 8, 2037). The ability of Rabobank Nederland to redeem the Capital Securities, including on a Conditional Call Date, is subject to Rabobank Nederland satisfying certain conditions, as described on page 48 under the heading *What returns will I get?*

Holders of Capital Securities have no ability to require Rabobank Nederland to redeem their Capital Securities unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are described on page 49.

This means that Holders of Capital Securities have no ability to cash in their investment, except:

- (a) if Rabobank Nederland exercises its right to

redeem or purchase the Capital Securities;

- (b) if permitted following an Event of Default; or
- (c) by selling their Capital Securities on the NZDX Market.

Holders are entitled to sell their Capital Securities as set out in Condition 3 and as described on page 55 under the sub-heading *Transferring Capital Securities*. Rabobank Nederland considers that a secondary market for the Capital Securities will develop over time as it has with similar securities of other issuers. However, Rabobank Nederland gives no assurances as to the existence or characteristics of any such secondary market. Brokerage is likely to be payable by a Holder on any transfer of Capital Securities effected through a broker.

## 9. Who do I contact with enquiries about my investment?

Enquiries about the Capital Securities can be directed to:

Manager of Client Services  
Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
Telephone: +64 (9) 488 8777

## 10. Is there anyone to whom I can complain if I have problems with the investment?

Any complaints about the Capital Securities can be directed to:

Manager of Client Services  
Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
Telephone: +64 (9) 488 8777

You also have the option to contact the Banking Ombudsman if the amount to which your complaint relates is \$200,000 or less (amounts above this are not within the Banking Ombudsman's jurisdiction). All the banks subscribing to the New Zealand Bankers' Association Code of Banking Practice have appointed the Banking Ombudsman. As an independent party, the Banking Ombudsman will help reach agreement if this cannot be achieved through Rabobank Nederland's own internal complaints procedure system. The telephone number of the Banking Ombudsman is (04) 471-0006 (or Freephone: 0800 805 950). Any correspondence should be addressed to:

Office of the Banking Ombudsman  
PO Box 10-573  
The Terrace  
Wellington

## 11. What other information can I obtain about this investment?

This Investment Statement is intended only to provide a summary of the Conditions relating to the issue of the Capital Securities. The Conditions are set out in full in Part 5. Further information about Rabobank Nederland can be obtained by consulting Rabobank Nederland's recent General Disclosure Statements (which contain Rabobank Nederland's financial statements) and the most recent half year financial information which was publicly released on August 29, 2007.

Copies of the recent General Disclosure Statements and further copies of this Investment Statement can be obtained free of charge, on request, by contacting the Registrar or Rabobank Nederland at the address given above under the heading *Who do I contact with enquiries about my investment?*

A copy of Rabobank Nederland's recent General Disclosure Statements, financial statements and other documents relating to Rabobank Nederland are also filed on a public register at the Companies Office of the Ministry of Economic Development and available for public inspection during normal business hours or may be inspected on the Ministry of Economic Development's website <http://www.companies.govt.nz>. A fee may be payable.

Alternatively, a copy of Rabobank Nederland's recent General Disclosure Statements can be obtained from Rabobank Nederland's website at [http://www.rabobank.co.nz/inside\\_rabobank/about\\_rabobank/disclosure\\_invest\\_statements/index.html](http://www.rabobank.co.nz/inside_rabobank/about_rabobank/disclosure_invest_statements/index.html) (the latest full annual report for the Rabobank Group which supplements these General Disclosure Statements is available at <http://www.rabobank.com/content/>

*investor\_relations/reports/*) and a copy of the most recent half year financial information can be obtained from <http://www.rabobank.com/content/news/>.

Rabobank Nederland prepares General Disclosure Statements in accordance with the Reserve Bank of New Zealand Act 1989 and the accompanying Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2007. At the date of this Investment Statement, Rabobank Nederland is required to prepare its General Disclosure Statement or General Short Form Disclosure Statement on a quarterly basis.

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## PART 5

# Terms and Conditions

## Terms And Conditions Of The Capital Securities

The issue of the Capital Securities of the Issuer was authorised by a resolution of the Executive Board passed on August 21,2007.

### 1 Definitions

In these Conditions:

**“3-month NZD-BBR-FRA”**, in respect of any Floating Rate Interest Period, means the FRA settlement rate for New Zealand dollar bills of exchange for a period of three months, commencing on the first day of such Floating Rate Interest Period, which appears on the Reuters Page on or around 10.45 a.m., Wellington time, on the first day of such Floating Rate Interest Period. If such rate does not appear on the Reuters Page, the rate for such relevant Floating Rate Interest Period will mean the rate determined on the basis of the average of the mid-point of the bid and offer rates quoted by three Reference Banks selected by the Calculation Agent for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount at approximately 11.00 a.m., Wellington time, on the first day of such Floating Rate Interest Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the rate for such Floating Rate Interest Period will be the 3-month NZD-BBR-FRA as determined by the Calculation Agent in respect of the immediately previous Floating Rate Interest Period. If there was no such immediately previous Floating Rate Interest Period, the rate for such Floating Rate Interest Period will be the average of the mid-point of the bid and offer rates quoted by major banks in New Zealand,



selected by the Calculation Agent, for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount, at approximately 11.00 a.m., Wellington time, on the first day of such Floating Rate Interest Period;

**“Additional Amounts”** means such additional amounts as may be necessary so that the net amount received by the Holders, after the relevant withholding or deduction of any Relevant Tax, will equal the amount which would have been received in respect of the Capital Securities in the absence of such withholding or deduction;

**“Administrative Action”** means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations);

**“Agency Agreement”** means the agency agreement dated on or about September 3, 2007 between the Issuer and the Registrar relating to the Capital Securities to which these Conditions are attached as Schedule 1;

**“Austraclear System”** means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System;

**“Bank Instrument”** means any share capital or other instrument of the Issuer;

**“Benchmark Rate”** means, in respect of any Initial Interest Rate Period, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest four decimal places, which is determined by the Calculation Agent to be the average of the bid

and offer swap rate displayed at or around 3.00 p.m., Wellington time, on the Calculation Date in relation to the Calculation Period in which such Initial Rate Interest Period falls on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with a one year term.

If such rate does not appear on page FISSWAP, or if the Calculation Agent forms the view that the rate so determined is not an accurate reflection of market rates, the relevant Benchmark Rate shall be the average of the mid-point of the bid and offer swap rates quoted by three Reference Banks selected by the Calculation Agent at or around 3.00 p.m., Wellington time, on the relevant Calculation Date for an interest rate swap with a one year term. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the relevant Benchmark Rate for such Initial Rate Interest Period will be the average of the mid-point of the bid and offer swap rates quoted by major banks in New Zealand selected by the Calculation Agent, at or around 3.00 p.m., Wellington time, on such relevant Calculation Date for an interest rate swap with a one year term;

**“Business Day”** means a day, other than a Saturday, Sunday or public holiday, on which registered banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Wellington and Auckland;

**“Calculation Agent”** means, initially, Rabobank Nederland, or any other person appointed by Rabobank Nederland from time to time;

**“Calculation Amount”** means NZ\$1.00 in principal amount;

**“Calculation Date”** means the Issue Date and each anniversary thereof until and including October 8, 2016;

**“Calculation Period”** means each period from (and including) a Calculation Date to (but excluding) the immediately following Calculation Date and the period commencing on (and including) October 8, 2016 to (but excluding) the First Call Date;

**“Capital Bank Guarantee”** means any guarantee issued by the Issuer of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital for the Rabobank Group and which guarantee effectively ranks senior to a Parity Bank Guarantee;

A **“Capital Event”** is deemed to have occurred if the Issuer is notified in writing by the Dutch Central Bank to the effect that the Capital Securities may not be included in the consolidated Tier 1 Capital of Rabobank Group;

**“Capital Local Rabobank Guarantee”** means any guarantee issued by any Local Rabobank of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital for the Rabobank Group and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

**“Capital Securities”** means the NZ\$1 Perpetual Non-Cumulative Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 16 and forming a single series with the Capital Securities;

**“Conditional Call Date”** means the first Floating Rate Interest Payment Date falling on or after October 8, 2037 on which all of the Conditional Call Restrictions are satisfied;

**“Conditional Call Restrictions”** shall be deemed to be satisfied as at a Floating Rate Interest Payment Date falling on or after October 8, 2037 if (a) Interest on such Floating Rate Interest Payment Date is Required Interest and (b) the Rabobank Group has raised the Replacement Capital Amount, if any, on or before such Floating Rate Interest Payment Date;

**“Conditions”** means these terms and conditions of the Capital Securities, as they may be amended from time to time in accordance with the provisions hereof;

**“Day-count Fraction”** means (i) in respect of an Interest Amount payable on or prior to the First Call Date on a scheduled Initial Rate Interest Payment Date, one-quarter, (ii) in respect of an Interest Amount payable on or prior to the First Call Date (other than on a scheduled Initial Rate Interest Payment Date), the number of days in the relevant period, from (and including) the date from which Interest begins to accrue to (but excluding) the date on which it falls due, divided by 360 (30/360); and (iii) in respect of an Interest Amount payable after the First Call Date, the actual number of days elapsed in the period divided by 365 (Actual/365 Fixed);

**“Discretionary Interest”** means Interest that the Issuer may pay at its discretion in accordance with Condition 7(b);

**“Dutch Central Bank”** means De Nederlandsche Bank N.V., or such other governmental authority in the Netherlands having primary supervisory authority with respect to the Group;

**“Event of Default”** means, any of the following events:

- (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 Capital Securities; or
- (ii) 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 Holders) or an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Art 3:160 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, in respect of the Issuer;

**“Excluded Declarations”** means any declarations or payments by any Local Rabobank applied for purposes deemed by such Local Rabobank to be of local or general interest as provided in the articles of association of such Local Rabobank;

**“Executive Board”** means the executive board (*raad van bestuur*) of the Issuer;

**“FASTER”** means the Fully Automated Screen Trading and Electronic Registration System operated by NZX;

**“First Call Date”** means October 8, 2017;

**“Floating Rate”** means, in respect of a Floating Rate Interest Period, 3-month NZD-BBR-FRA for such Floating Rate Interest Period, plus the Margin;

**“Floating Rate Interest Payment Date”** means October 8, January 8, April 8 and July 8 of each year commencing January 8, 2018, in each case subject to adjustment as provided herein;

**“Floating Rate Interest Period”** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date;

**“Group Declarations”** means in relation to any Parity Share, Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument, any declaration or payments with respect to such share capital or other instrument held by any member of the Rabobank Group;

**“Holder”** means the person in whose name a Capital Security is registered in the Register;

**“Initial Rate”** means, in respect of a Calculation Period and each Initial Rate Interest Period falling therein, the Benchmark Rate on the Calculation Date falling on the commencement of such Calculation Period plus the Margin;

**“Initial Rate Interest Payment Date”** means January 8, April 8, July 8 and October 8 of each year, commencing on January 8, 2008 and ending on the First Call Date;

**“Initial Rate Interest Period”** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Initial Rate Interest Payment Date and each successive period beginning on (and including) an Initial Rate Interest Payment Date and ending on (but excluding) the next succeeding Initial Rate Interest Payment Date;

**“Interest”** means interest in respect of the Capital Securities including, as the case may be, any applicable Additional Amounts thereon;

**“Interest Amount”** means the amount of Interest

payable per Calculation Amount in respect of the relevant Interest Period or Interest Periods, as calculated by the Calculation Agent;

**“Interest Payment Date”** means any Initial Rate Interest Payment Date and/or Floating Rate Interest Payment Date;

**“Interest Period”** means any Initial Rate Interest Period and/or Floating Rate Interest Period;

**“Interest Rate”** means the Initial Rate and/or, as appropriate, the Floating Rate;

**“Issue Date”** means October 8, 2007, being the date of the initial issue of the Capital Securities;

**“Issuer”** means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland);

**“Junior Group Member Instrument”** means any share capital or other instrument of any other member of the Rabobank Group which (i) qualifies as consolidated Tier 1 Capital for the Rabobank Group, (ii) effectively ranks junior to the most senior preferred equity securities or preferred or preference shares of such member and is guaranteed by the Issuer or any Local Rabobank and which guarantee effectively ranks junior to a Parity Bank Share, in the case of the Issuer, or Parity Local Rabobank Share, in the case of a Local Rabobank, (as well as the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively);

**“Junior Member Certificates Related Agreements”** means the junior subordinated loan agreements between the Issuer and Rabobank Ledencertificaten

N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (and including any similar junior subordinated loan agreements subsequently entered into between the parties referred to above in addition to the existing subordinated loan agreements) and the agreements regarding certain obligations of the Issuer between the Issuer and Stichting Buffer Rabobank Ledencertificaten and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

**“Listing Rules”** means the listing rules of NZX in force from time to time;

**“Local Rabobank”** means any of the Issuer’s local member banks;

**“Local Rabobank Instrument”** means any share capital or other instrument of any Local Rabobank which qualifies as consolidated Tier 1 Capital for the Rabobank Group;

**“Margin”** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with First NZ Capital Securities Limited on or before the Issue Date;

**“Market Disruption Event”** means the occurrence or existence of any of the following events or

circumstances:

- (i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of the Issuer which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;
- (ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or
- (iii) the Issuer would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and the Issuer fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

provided that, a **“Market Disruption Event”** will not have occurred nor be deemed to have occurred if the Issuer determines not to pursue or complete the issuance of Qualifying Securities due to pricing, distribution rate or dilution considerations;

**“Moratorium”** means a situation in which an “emergency regulation” (*noodregeling*) as contemplated in Chapter 3.5.5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, is applicable to the Issuer;

**“Non-Resident Holder”** means a Holder that is not resident in New Zealand for New Zealand taxation purposes and that is not engaged in business in New Zealand through a fixed establishment (as defined in the New Zealand Income Tax Act 2004) in New Zealand;

**“NZDX Market”** means the market for debt securities of that name operated by NZX;

**“NZX”** means New Zealand Exchange Limited, and includes any person or authority which may in the future assume and perform the functions of New Zealand Exchange Limited;

**“Outstanding Payments”** means, in relation to any amounts payable on redemption or repayment of the Capital Securities, an amount representing accrued and unpaid Interest for the Interest Period during which redemption or repayment occurs to the date of redemption or repayment plus Additional Amounts thereon, if any;

**“Parity Bank Guarantee”** means a guarantee issued by the Issuer of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital for the Rabobank Group and which guarantee effectively ranks:

- (i) subordinate and junior to indebtedness of the Issuer (other than the Issuer’s obligations under (a) the Capital Securities, (b) any guarantee or contractual right effectively ranking *pari passu* with the Issuer’s obligations under the Capital Securities (including, for the avoidance of doubt, the guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI) and (c) any guarantee or contractual right effectively ranking junior to the Issuer’s obligations under the Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));

- (ii) *pari passu* with the Capital Securities and the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing); and
- (iii) senior to any other share capital of the Issuer not described in paragraph (i)(A) of the definition of Parity Bank Share or paragraph (ii) above of this definition;

**“Parity Bank Share”** means:

- (i) (A) the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing);
- (B) any Bank Instrument which effectively ranks:
  - (aa) subordinate and junior to indebtedness of the Issuer (other than the Issuer’s obligations under (a) the Capital Securities, (b) any guarantee or contractual right effectively ranking *pari passu* with the Issuer’s obligations under the Capital Securities (including, for the avoidance of doubt, the guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI); and (c) any guarantee or contractual right effectively ranking junior to the Issuer’s obligations under the Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));
  - (bb) *pari passu* with the Capital Securities and the most senior ranking preferred

equity securities or preferred or preference shares of the Issuer (if and when existing); and

- (cc) senior to any other share capital of the Issuer not described in paragraph (A) or (B)(bb) of this definition; and,
- (C) any Parity Bank Guarantee;
- (ii) any preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which are guaranteed by the Issuer under a Parity Bank Guarantee or a Capital Bank Guarantee;

**“Parity Local Rabobank Guarantee”** means any guarantee issued by any Local Rabobank of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital for the Rabobank Group and which guarantee effectively ranks:

- (i) subordinate and junior to indebtedness of such Local Rabobank;
- (ii) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
- (iii) senior to any other share capital of such Local Rabobank not described in paragraph (i)(A) of the definition of Parity Local Rabobank Share or paragraph (ii) above of this definition (if and when existing);

**“Parity Local Rabobank Share”** means:

- (i) (A) the most senior ranking preferred equity securities or preferred or preference shares of any Local Rabobank (if and when existing);
- (B) any Local Rabobank Instrument which

effectively ranks:

- (aa) subordinate and junior to indebtedness of such Local Rabobank;
  - (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
  - (cc) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(bb) above of this definition (if and when existing); and
- (C) any Parity Local Rabobank Guarantee; and
- (ii) any preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which are guaranteed by any Local Rabobank under a Parity Local Rabobank Guarantee or Capital Local Rabobank Guarantee;

**“Parity Share”** means (i) any Parity Bank Share and (ii) any Parity Local Rabobank Share; provided, however, that **“Parity Share”** shall not include any Parity Bank Share or Parity Local Rabobank Share which is held by, or on which payments are made to, any member of the Rabobank Group;

**“Proceedings”** means legal action or proceedings arising out of or in connection with any Capital Securities;

**“Prohibited Interest”** means Interest that the Issuer is prohibited from paying in accordance with Condition 7(a);

**“Qualifying Securities”** means securities of the Issuer or any member of the Rabobank Group that qualify as consolidated Tier 1 Capital of the Rabobank Group under the Solvency Rules;

**“Rabobank Group”** means the Issuer together with its branches and consolidated subsidiaries and the Local Rabobanks;

**“Record Date”** means, in relation to any payment due on the Capital Securities, the date 10 calendar days prior to the date on which such payment is due;

**“Redemption Price”** means, in respect of each Capital Security, the principal amount thereof together with any Outstanding Payments;

**“Reference Banks”** means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation, or any other bank selected by the Calculation Agent as being a leading bank in the New Zealand interbank market;

**“Register”** means the register in relation to the Capital Securities maintained by the Registrar in accordance with the Agency Agreement and these Conditions;

**“Registrar”** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time;

**“Relevant Date”** means, in respect of any payment, the date on which such payment first becomes due and payable but, if such payment is improperly withheld or refused, the date on which payment is made;

**“Relevant Tax”** means, collectively, any present or future taxes, duties, assessments or governmental charges of whatever nature, which are imposed or levied by or on behalf of the Netherlands or any authority therein or thereof having power to tax;

**“Replacement Capital Amount”** means the amount

of net proceeds, between zero and the aggregate Redemption Price of the Capital Securities (both inclusive), which the Issuer determines (at any time prior to a Conditional Call Date in its sole discretion but in consultation with the Dutch Central Bank as necessary) is the minimum amount required by the Rabobank Group to be raised through the issuance of Qualifying Securities to replace the Capital Securities on or prior to their redemption;

**“Required Interest”** means Interest to the extent it is required to be paid by the Issuer in accordance with Condition 6;

**“Reuters Page”** means Reuters Screen BKBM Page opposite the caption “FRA”;

**“Solvency Rules”** means the solvency rules from time to time pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) to which the Issuer and the Rabobank Group are subject;

**“Statement”** means a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the Capital Securities held by that Holder, if applicable, in compliance with the Listing Rules;

**“Tax Law Change”** means (i) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of the Netherlands or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any Administrative Action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory

body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, on or after the Issue Date; and

**“Tier 1 Capital”** has the meaning given to such term from time to time by the Dutch Central Bank.

## 2 Form, Denomination and Title

### (a) Form and Denomination

The Capital Securities are in registered book entry form in the principal amount of NZ\$1.00 per Capital Security with a minimum subscription of NZ\$5,000 in aggregate principal amount and multiples of NZ\$1,000 in aggregate principal amount thereafter.

### (b) Title

No certificates of title in respect of a Capital Security will be issued to the Holders. Title to the Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any Capital Security will (except as otherwise required by law) be treated as its absolute beneficial owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any Capital Securities, whether or not either of them is aware of the same. In the event of any conflict between the Register and any certificate or any Statement issued relating to a Capital Security, the Register shall prevail over any such certificate or Statement. Neither the Issuer nor the Registrar will be required to obtain proof of identity of a Holder or its ownership of Capital Securities.



(c) **Listing**

The Issuer may seek to have Capital Securities listed and quoted on the NZDX Market.

(d) **Statements**

Where Capital Securities are accepted for listing on the NZDX Market, the Issuer must issue, or cause to be issued, to each Holder, a Statement in relation to each Capital Security issued to that Holder, in accordance with, and in the time required by, the Listing Rules.

### 3 Transfers

(a) **Transfer**

Subject to this Condition 3 and to any applicable law restricting the right to transfer Capital Securities, a Holder may transfer all or any of the Capital Securities of which it is the Holder, provided that Capital Securities may be transferred only in multiples of NZ\$1,000, and no transfer shall be made if, as a result thereof, the aggregate principal amount of the Capital Securities registered in the name of the transferor or of the transferee would (if not zero) be less than NZ\$5,000 (or such lesser sum to which the Issuer may in its absolute discretion consent). No transfer of a Capital Security will be valid unless and until entered on the Register. A Capital Security may be registered only in the name of, and transferred only to, a named person or persons.

(b) **Transfer Free of Charge**

Transfers of Capital Securities shall be effected without charge by or on behalf of the Issuer or the Registrar, 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 may require).

(c) **Closed Periods**

Subject to NZX having granted a trading halt, no Holder may require the transfer of a Capital Security to be registered during the period of 15 calendar days ending on (and including) the due date for redemption of the Capital Securities pursuant to Condition 8.

(d) **Capital Securities lodged with the Austraclear System**

- (i) Capital Securities may be lodged with, and uplifted from, the Austraclear System by the relevant Holders, in accordance with the procedures of the Austraclear System at the relevant time.
- (ii) Beneficial title to a Capital Security that is lodged with the Austraclear System is transferable in accordance with the procedures of the Austraclear System at the relevant time, but legal title to such Capital Securities shall, for so long as they are lodged with the Austraclear System, be recorded in the Register in the name of New Zealand Central Securities Depository Limited (or any replacement depository for the Austraclear System) on behalf of the Austraclear System.

(e) **Form of Transfer**

Subject to these Conditions, a Holder may transfer any Capital Security held by that Holder:

- (i) by a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Registrar; or
- (ii) via FASTER; or
- (iii) by any other method of transfer approved by the Issuer and the Registrar and delivered to the office of the Registrar.

**(f) Evidence to Accompany Instrument of Transfer**

Each instrument of transfer must be accompanied by:

- (i) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to prove the title of the transferor, the transferor's right to transfer the Capital Securities or the identity of the transferor and/or the transferee; and
- (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer, subject in each case to Condition 3(j) below.

**(g) Acquisition by Operation of Law**

When an entitlement to any Capital Security is acquired by any person by operation of law (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that Capital Security, will enter that person's name in the Register as the Holder of that Capital Security accordingly.

**(h) Sale of Less than Minimum Holding**

The Issuer (or the Registrar on the Issuer's behalf) may at any time give notice to any Holder holding less than the minimum holding of Capital Securities that are quoted on the NZDX Market that the Issuer intends to exercise the power of sale of those Capital Securities as set out in this Condition 3(h), subject to and in accordance with the Listing Rules. If the Issuer's power of sale becomes exercisable:

- (i) the Issuer may arrange for the sale of those Capital Securities through the NZDX Market or in some other manner approved by NZX;
- (ii) the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
- (iii) the Issuer shall account to the Holder for the net proceeds of sale of the Capital Securities (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by the Issuer and paid to the Holder on surrender of any Statement for the Capital Securities sold.

The title of a purchaser of any Capital Securities sold in accordance with this Condition 3(h) will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**(i) Address and other Details of Holders**

A transferee of Capital Securities must designate to the Registrar an address and a bank account to which payments under or in respect of the Capital Securities transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes. Any change of name or address or account to which payments are to be made, of a Holder must immediately be notified in writing to the Registrar, accompanied by such evidence of such change as the Registrar may reasonably require, and the Register will be amended accordingly. Each Holder shall give written notice to the Registrar of its country of residency for taxation purposes and, if not resident in New Zealand for taxation purposes, of whether the Holder is engaged in business in New Zealand through a branch

or other fixed establishment (as that term is defined in the New Zealand Income Tax Act 2004) in New Zealand.

**(j) Reliance on Documents**

The Issuer and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

## 4 Status and Subordination

**(a) Status**

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 4(b).

**(b) Subordination**

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Capital Securities constitute unsecured obligations of the Issuer and shall, in the case of (a) the bankruptcy of the Issuer; (b) a Moratorium; or (c) dissolution (*ontbinding*) of the Issuer, rank:

- (i) subordinate and junior to indebtedness of the Issuer (other than the Issuer's obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, the Issuer's obligations under the Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));

- (ii) *pari passu* (a) with the Issuer's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI, and (b) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer; and

- (iii) senior to the Issuer's obligations under the Junior Member Certificates Related Agreements and any other instruments ranking *pari passu* with the Junior Member Certificates Related Agreements (in accordance with and by virtue of the subordination provisions of the Junior Member Certificates Related Agreements) and any other instruments ranking *pari passu* therewith.

By virtue of such subordination, payments to the Holders will, in the case of the bankruptcy or dissolution of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Capital Securities have been satisfied. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Issuer under or in connection with such Capital Security shall be excluded and each Holder shall, by virtue of being the Holder of any Capital Security, be deemed to have waived all such rights of set-off.

**(c) Other Issues**

So long as the Capital Securities are outstanding, the Issuer shall not:

- (a) issue any preferred equity securities or

preferred or preference shares or debt or other securities, in each case that qualify as Tier 1 Capital of the Rabobank Group under the Solvency Rules; or

- (b) enter into any guarantee, support or other credit enhancement of any such issue by any other member of the Rabobank Group,

in each case if such issue or guarantee, support or other credit enhancement would rank ahead of the Capital Securities as to entitlement to distribution upon a bankruptcy or dissolution of the Issuer, or in the event of a Moratorium unless the Issuer amends the terms of the Capital Securities prior thereto such that the rights and claims of Holders would be entitled to rank equally with such new issue or guarantee, support or other credit enhancement upon a bankruptcy or dissolution of the Issuer, or in the event of a Moratorium.

In addition, so long as the Capital Securities are outstanding, the Issuer shall not:

- (i) permit (where such permission is required) or take any action to cause a Local Rabobank to issue any preferred equity securities or preferred or preference shares or debt or other securities, in each case that rank senior to any Parity Local Rabobank Share and qualify as Tier 1 Capital of the Rabobank Group under the Solvency Rules; or
- (ii) permit (where such permission is required) or take any action to cause a Local Rabobank to issue any guarantee, support or other credit enhancement ranking senior to any Parity Local Rabobank Guarantee of any such issue by any other member of the Rabobank Group.

## 5 Interest

### (a) General

The Capital Securities bear Interest from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Subject to Conditions 6 and 7, Interest shall be payable on the Capital Securities quarterly in arrear on each Interest Payment Date, in each case as provided in this Condition 5.

Interest will not be cumulative and Interest which is not paid will not accumulate or compound and Holders of the Capital Securities will have no right to receive such Interest at any time, even if Interest is paid in the future.

### (b) Interest Accrual, Calculation and Rounding

The Capital Securities will cease to bear Interest from (and including) the date of redemption thereof pursuant to Condition 8 unless payment of all amounts due in respect of the Capital Securities is not properly and duly made, in which event Interest shall continue to accrue, both before and after judgment, at the applicable Interest Rate and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Capital Security shall be calculated per Calculation Amount and shall be equal to the product of the Calculation Amount, the relevant Interest Rate and the relevant Day-count Fraction for the relevant period.

All percentages resulting from any calculation related to an Interest Rate will be rounded to the nearest ten-thousandth of a percentage point, with five one-hundredths of a percentage point rounded upwards. For example, 9.87545 per cent. (or .0987545) would be rounded to 9.8755 per cent. (or .098755).

All NZ\$ amounts used in or resulting from any calculation related to an Interest Amount will be rounded to the nearest cent (with one-half cent or unit being rounded upwards).

**(c) Initial Rate**

For each Initial Rate Interest Period falling within a Calculation Period, Interest will accrue at a rate per annum equal to the relevant Initial Rate and will be payable quarterly in arrear on each Initial Rate Interest Payment Date.

If any Initial Rate Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the next day which is a Business Day, without adjustment, interest or further payment as a result thereof.

**(d) Floating Rate**

For each Floating Rate Interest Period, Interest will accrue at a rate per annum equal to the relevant Floating Rate and will be payable quarterly in arrear on each Floating Rate Interest Payment Date.

If any Floating Rate Interest Payment Date would otherwise fall on a date that is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

**(e) Determination of Interest Rates and Calculation of Interest Amounts**

The Calculation Agent will, as soon as practicable after 10.45 a.m., Wellington time, on the relevant Calculation Date or as soon as practicable after 3.00 p.m., Wellington time, on the first day of the relevant Floating Rate Interest Period, as applicable, determine the relevant Interest Rate and calculate the relevant Interest Amounts.

**(f) Publication of Interest Rate and Interest Amounts**

The Issuer shall cause notice of the relevant Interest Rate determined in accordance with this Condition 5 in respect of each Calculation Period or Floating Rate Interest Period, as applicable, the relevant Interest Amount and, in the case of a Floating Rate Interest Payment Date, the relevant date scheduled for payment to be given to NZX in accordance with the Listing Rules after their determination, but in any event not later than the fourth Business Day thereafter.

In the case of Interest payable at the Floating Rate, the relevant Interest Amount, the Interest Rate and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

**(g) Reference Banks**

So long as any Capital Securities remain outstanding, the Issuer will maintain at least four Reference Banks.

The Issuer may from time to time replace a Reference Bank with a leading investment, merchant or commercial bank or financial institution in New Zealand.

## 6 Required Interest

The Issuer shall pay Required Interest on the Capital Securities, unless payment thereof is prohibited under Condition 7, to the extent set out below:

**(a) In full**

- (i) The payment of Interest will be required in full:
  - (1) for Interest Periods covering 12 consecutive months commencing

- with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment with respect to (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument that, in the case of (x), (y) or (z), pays dividends or other distributions annually, if any (other than any Group Declarations and any Excluded Declarations);
- (2) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment with respect to (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument that, in the case of (x), (y) or (z), pays dividends or other distributions semi-annually, if any (other than any Group Declarations and any Excluded Declarations); or
- (ii) The payment of Interest will be required
- in full for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, redeems, repurchases or otherwise acquires (w) a Parity Share, (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument, for any consideration, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith by any Local Rabobank applied for purposes deemed by such Local Rabobank to be of local or general interest as provided in the articles of association of such Local Rabobank, (ii) as a result of a reclassification of the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

**(b) Fractional or in full**

The payment of Interest will be required in full or in part on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment (other than any Group Declarations and any Excluded Declarations) with respect to (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument that, in the case of (x), (y) or (z), pays dividends on a basis other than annually or semi-annually, if any, at an amount equal to the applicable Interest Amount on the Capital Securities for the related Interest Period, multiplied by a fraction, the numerator of which is the number of days in the dividend, distribution or payment period applicable to the payment on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument and the denominator of which is the number of days in the related Interest Period; provided, however, that if the dividends, distributions or payments on any Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(b) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Bank Instrument,

Local Rabobank Instrument or Junior Group Member Instrument; and

**(c) Pro rata with Parity Shares**

The payment of Interest will be required:

- (i) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually, if any (other than any Excluded Declarations);
- (ii) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends semi-annually, if any (other than any Excluded Declarations); and
- (iii) on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

provided that in the event that Interest on the Capital Securities is payable (or deemed to be payable) as provided in this Condition

6(c), such Interest shall be payable (or deemed to be payable) in the same proportion that the declaration or payment on such Parity Share bears to the stated annual dividends, distributions or payments to be declared and paid on such Parity Share. If the dividend, distribution or payment on any such Parity Share that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(c) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Parity Share.

## 7 Prohibited and Discretionary Interest

### (a) Prohibited Interest

Notwithstanding Condition 6, the Issuer shall not pay the Interest due on an Interest Payment Date to the extent that applicable Solvency Rules prohibit the Issuer, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the Capital Securities or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Interest Payment Date (for example, as a result of the Issuer's BIS ratio (total capital) falling below the then applicable minimum requirement). In such case and to such extent there will be no Required Interest.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following any declaration

that Interest is Prohibited Interest pursuant to this Condition 7(a) or, where no such prior declaration is made, following any Interest Payment Date on which Interest was scheduled to be paid if such Interest is Prohibited Interest, to such effect setting out brief details as to why the Interest is Prohibited Interest.

Any Prohibited Interest not paid on the relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise.

### (b) Discretionary Interest

Any Interest that is neither Required Interest nor Prohibited Interest shall be payable on the relevant Interest Payment Date at the sole discretion of the Issuer, subject to the approval of the Dutch Central Bank, if required.

Any Discretionary Interest not paid on the relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following the relevant Interest Payment Date on which Interest was scheduled to be paid if such Interest is Discretionary Interest and the Issuer has exercised its discretion under this Condition 7(b) to not pay such Discretionary Interest, to such effect setting out brief details of such exercise.



## 8 Redemption and Purchase

### (a) No Fixed Redemption Date

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem them or purchase them in accordance with the following provisions of this Condition 8.

### (b) Conditions to Redemption and Purchase

Any redemption or purchase of the Capital Securities in accordance with Condition 8(c), (d), (e) or (f) is subject to the Issuer (i) obtaining the prior written consent of the Dutch Central Bank, provided that at the relevant time such consent is required to be given; (ii) giving not less than 30 nor more than 60 calendar days' notice to the Holders and the Registrar in accordance with Condition 15, which notice shall be irrevocable; and (iii) both at the time of, and immediately following, the redemption or purchase, being in compliance with its capital requirements as provided in the Solvency Rules applicable to it from time to time.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8(c)), the Issuer shall deliver to the Registrar a certificate signed by any two members of the Executive Board stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

### (c) Issuer's Call Option

Subject to the first paragraph of Condition 8(b), the Issuer may elect to redeem all, but not some only, of the Capital Securities on the First Call Date or any Floating Rate Interest Payment Date thereafter at their Redemption Price.

Unless the Capital Securities have previously

been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the Capital Securities on the Conditional Call Date, subject to the Issuer having raised (or caused to be raised by a member of the Rabobank Group) the amount of net proceeds which the Issuer determines (at any time prior to a Conditional Call Date in its sole discretion but in consultation with the Dutch Central Bank, as necessary) is the minimum amount required by the Rabobank Group to be raised through the issuance of Qualifying Securities to replace the Capital Securities in accordance with the remaining provisions of this Condition 8(c).

If, by reference to the facts pertaining on the date falling 60 calendar days prior to the Floating Rate Interest Payment Date falling on October 8, 2037, all Interest on such Floating Rate Interest Payment Date is Required Interest and:

- (i) the Replacement Capital Amount is zero, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price; or
- (ii) the Replacement Capital Amount is greater than zero, the Issuer shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to permit payment of the Redemption Price in full on such Floating Rate Interest Payment Date.

If the Replacement Capital Amount is greater than zero and is able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date and Interest on such Floating Rate Interest Payment Date continues, by reference to the facts pertaining at such time, to be Required Interest, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price.

If the Replacement Capital Amount is greater than zero and is not able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date, the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar and the Holders in accordance with Condition 15 and shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount to permit redemption of the Capital Securities in full (subject to the other Conditional Call Restrictions being satisfied) on the next Floating Rate Interest Payment Date.

The Issuer shall continue the above procedure until the Capital Securities have been redeemed in full.

Interest on the Capital Securities shall, subject to the limitations thereon set out in Condition 7(a), continue to accrue at the applicable Interest Rate until the Capital Securities have been redeemed in full.

Subject to Condition 8(b), nothing in this Condition 8(c) shall prevent the Issuer from exercising its option to redeem the Capital

Securities on the Floating Rate Interest Payment Date falling on October 8, 2037 or any Floating Rate Interest Payment Date thereafter, in its sole discretion without regard to the Conditional Call Restrictions.

**(d) Redemption Due to Taxation**

If:

- (i) as a result of a Tax Law Change, there is more than an insubstantial risk that the Issuer will be required to pay Additional Amounts with respect to payments on the Capital Securities; or
- (ii) as a result of a Tax Law Change, Interest payable on the Capital Securities when paid would not be deductible by the Issuer for Netherlands corporate income tax liability purposes,

then the Issuer may, subject to Condition 8(b), having delivered to the Registrar a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Netherlands experienced in such matters to the effect set out in (i) or, as applicable, (ii) above, and having given the notice required by Condition 8(b) specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

**(e) Redemption for Regulatory Purposes**

If a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 8(b) and having given the notice required by Condition 8(b) specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

**(f) Purchases**

The Issuer or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if, at such time, consent is required to be obtained), and in compliance with applicable Listing Rules, at any time purchase Capital Securities in any manner and at any price.

**(g) Cancellation**

All Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Capital Securities purchased by or on behalf of the Issuer or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation. Capital Securities so surrendered shall be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be discharged.

## 9 Payments

**(a) Method of Payment**

Payments of principal and interest will be made to the Holder as at 5.00 p.m., Wellington time, 10 calendar days after the Record Date for the relevant payment to the bank account or address stated in the Register on that date notwithstanding any notice the Issuer or the Registrar may have of any subsequent transfer. Such payments will be made, at the option of the payee, by New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account maintained by the payee with, a bank in New Zealand, provided that notice of any change to the method of payment must be received by the Registrar prior to the Record

Date for the relevant payment.

**(b) Payments Subject to Fiscal Laws**

Without prejudice to the terms of Condition 11, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

**(c) Payments on Business Days**

Payments due on a Capital Security may only be made on a Business Day. Unless otherwise specified herein, if the due date for any payment in respect of the Capital Securities is not a Business Day that payment shall be made on the next following Business Day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.

**(d) Reliance; Complete Discharge**

The Issuer and the Registrar may, in making any payment in respect of a Capital Security, rely absolutely on the information regarding ownership of the beneficial interest in that Capital Security appearing in the Register or, in the case of a Capital Security lodged with the Austraclear System, on the records of the Austraclear System. Any payment made by the Issuer or the Registrar to a person appearing to be a Holder in reliance on such information shall be deemed to be valid and shall be a complete and final discharge of the Issuer's obligations in respect of that payment.

**(e) Taxation Indemnity**

- (i) If, in relation to any Capital Security, the Issuer or the Registrar becomes liable to make any payment of or on account of tax payable by the Holder, the Issuer and the Registrar are indemnified by the

Holder in relation to such liability and all costs, charges, interest, penalties, fines and expenses, incidental and relating to or arising in connection with any such tax.

- (ii) Any moneys paid by the Issuer or the Registrar in relation to any such liability may be recovered from the Holder as a debt due to the Issuer or the Registrar, as the case may be, and may be withheld from further payments to that Holder.
- (iii) Nothing in this Condition prejudices or affects any other right or remedy of the Issuer or the Registrar.
- (iv) In this Condition 9(e), "tax" includes all forms of taxation, withholding, duties, dues, imposts, levies and rates which are imposed or levied by or on behalf of the Netherlands or New Zealand (or elsewhere) or any authority therein or thereof having power to tax.

**(f) Unclaimed Payments**

If any payment made by the Issuer or the Registrar to any Holder of a Capital Security at its address last entered in the Register is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of any such amounts of principal or interest if such amount remains unclaimed five years after the original date of payment.

## 10 Events of Default

If an Event of Default occurs, the Holder of any Capital Security may by written notice to the Issuer at its specified office declare such Capital Security to be forthwith due and payable, whereupon the principal amount of such Capital Security together with any Outstanding Payments to the date of payment shall become immediately due and payable, provided that repayment will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank.

## 11 Taxation - Netherlands Taxes

All payments made by or on behalf of the Issuer in respect of the Capital Securities will be made without withholding or deduction for or on account of Relevant Tax paid by or on behalf of the Issuer, unless the withholding or deduction of such Relevant Tax is required by law. In that event, the Issuer will pay, as further Interest, Additional Amounts, except that no such Additional Amounts will be payable to a Holder (or to a third party on the Holder's behalf) with respect to any Capital Securities:

- (i) if such Holder is liable to such taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands in respect of the Capital Securities by reason of such Holder having some connection with the Netherlands other than by reason only of holding Capital Securities or the receipt of the relevant payment in respect thereof;
- (ii) if such Holder could lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complied, 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; or

- (iii) 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.

## 12 Taxation - New Zealand Taxes

### (a) Deductions or Withholdings

Subject to Condition 9(e), Condition 11 and the remainder of this Condition 12, all sums payable by the Issuer in respect of a Capital Security shall be paid (except to the extent required by law):

- (i) free of any restriction or condition;
- (ii) free and clear of and without any deduction or withholding on account of any tax; and
- (iii) without deduction or withholding on account of any other amount whether by way of set-off, counterclaim or otherwise.

### (b) Non-Resident Withholding Tax

Subject to the following sentence, if required by law, New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Non-Resident Holders. If the Issuer is lawfully able to pay approved issuer levy (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) in respect of any payment of interest (or deemed interest) to a

Non-Resident Holder and has elected to register the Capital Securities as a registered security (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) then, unless that Non-Resident Holder has given notice in writing to the Registrar (or has revoked such notice) in accordance with Condition 12(f), the Issuer (or the Registrar on behalf of the Issuer) will pay the approved issuer levy to the appropriate authority and will deduct the amount paid from the interest (or deemed interest) payable to that Non-Resident Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.

### (c) Resident Withholding Tax

New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed to be interest) to Holders who are resident in New Zealand or who are engaged in business through a fixed establishment (as defined in the New Zealand Income Tax Act 2004) in New Zealand unless a copy of an appropriate exemption certificate is provided to the Registrar no later than five Business Days before the Record Date for the relevant payment.

### (d) Maximum Rate

Deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable or that no deduction is required by law.

### (e) No Gross-Up for New Zealand Taxes

The Issuer is not required to, and will not, make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding of any amount from any payment

made in relation to a Capital Security in accordance with this Condition 12 or otherwise required by New Zealand law to be deducted or withheld for or on account of tax (including, for the avoidance of doubt, where an amount has been deducted in accordance with Condition 12(b) in relation to approved issuer levy paid by or on behalf of the Issuer). Each payment to a Holder that has been reduced by reason of a deduction or withholding in accordance with this Condition 12 shall be in full discharge of the obligations of the Issuer to make the relevant payment to that Holder.

**(f) Written Notice Regarding Non-Resident Withholding Tax / Approved Issuer Levy Election**

A Non-Resident Holder may give notice in writing to the Registrar no later than five Business Days before the Record Date for the payment of interest (or payments deemed to be interest) to that Non-Resident Holder that New Zealand non-resident withholding tax is to be deducted from such interest in lieu of deducting an amount on account of approved issuer levy as contemplated by Condition 12(b). Such a notice may also stipulate that New Zealand non-resident withholding tax is to be deducted from all subsequent such interest payments until revoked by the Non-Resident Holder in accordance with this Condition 12(f).

A notice given pursuant to this Condition 12(f) may only be revoked by the Non-Resident Holder giving notice in writing to the Registrar of such revocation no later than five Business Days before the Record Date (and related Interest Payment Date) on and from which the revocation is to take effect.

For the avoidance of doubt, a Non-Resident Holder may give notice in writing pursuant

to the first paragraph of this Condition 12(f) notwithstanding that the Non-Resident Holder has revoked a notice (or notices) previously so given, with the intent that a Non-Resident Holder may apply the provisions of this Condition 12(f) on more than one occasion.

## 13 Meetings of Holders and Modification

**(a) Meetings of Holders**

All meetings of Holders shall be convened and held in accordance with the provisions of Schedule 2 attached hereto.

**(b) Modification and Amendment of Conditions**

These Conditions may be amended by the Issuer and the Registrar, without the consent of Holders, where such amendment is of a minor or technical nature or is made to comply with applicable laws, including the Listing Rules or, 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 Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders.

In addition, these Conditions may be amended by the Issuer if the amendment is approved by an Extraordinary Resolution of Holders.

Any amendment of these Conditions shall be subject to the Issuer having first obtained the approval of the Dutch Central Bank, if required.

## 14 Register

**(a) Maintenance of Register**

So long as any of the Capital Securities are outstanding, the Issuer shall cause to be maintained a full and complete Register of

the Capital Securities having the information specified in schedule 1 hereto and otherwise in accordance with these Conditions, the Agency Agreement, all applicable laws and the Listing Rules and shall appoint, and maintain the appointment of, a registrar in respect of the Capital Securities.

**(b) Inspection of Register**

The Issuer shall ensure that at all reasonable times during office hours of the Registrar, the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of Capital Securities.

**(c) Closing of Register**

The Issuer may, from time to time, on giving notice to Holders in accordance with Condition 15, close the Register for any period or periods not exceeding the shorter of (i) 30 calendar days in any one calendar year and (ii) the period, if any, permitted by NZX.

**(d) Correction of Errors**

The Issuer or the Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

**(e) Joint Holders**

Capital Securities may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for Capital Securities or instrument of transfer) with rights of survivorship. However, the joint Holders of a Capital Security are only entitled to be entered once in the Register in relation to their joint holding and only the person whose name is recorded first in

the Register shall be entitled to delivery of any Statement, notice, certificate or other communication from the Issuer, the Registrar or NZX. If two or more persons apply to be registered as tenants in common, the Registrar may, after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the Capital Securities into the share for which each person is expressed to be entitled and register each person as the holder of the Capital Securities representing the person's share, subject to the requirements of Condition 3(a) in relation to minimum holdings. If the Capital Securities cannot be divided into shares complying with the minimum holdings (if any) applicable to any Capital Securities, the Registrar may refuse to accept the application.

## 15 Notices

Notices to the Holders 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. Alternatively, notices may, at the option of the Issuer, be published in a daily newspaper having general circulation in New Zealand (which is expected to be the New Zealand Herald). The Issuer shall also ensure that notices are duly published in a manner which complies with the Listing Rules. 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.

## 16 Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further

instruments ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first interest payment on such further instruments) and so that such further issue shall be consolidated and form a single series with the outstanding Capital Securities.

## 17 Agents

The initial Registrar (in its capacity as initial registrar and paying and transfer agent) and its initial specified office is listed below. The initial Calculation Agent is as defined in Condition 1.

The Issuer reserves the right at any time to vary or terminate the appointment of any agents and to appoint additional or other agents, provided that it will at all times maintain a specialist registrar having a specified office in New Zealand.

Notice of any such termination or appointment and of any change in the specified office of the Registrar will be given to the Holders in accordance with Condition 15.

If the Registrar is unable or unwilling to act as such or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint a specialist registrar to act as such in its place. The Registrar may not resign its duties or be removed without a successor having been appointed as aforesaid. All calculations and determinations made by the Registrar in relation to the Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

If the Calculation Agent is unwilling or unable duly to determine the Interest Rate in respect of any Initial Rate Interest Period or Floating Rate Interest Period as provided in Condition 5(e) or calculate an Interest

Amount, the Issuer shall appoint a calculation agent in its place.

The initial specified office of the initial Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
New Zealand

## 18 Governing Law

The Capital Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Agency Agreement is governed by, and shall be construed in accordance with, the laws of New Zealand.

## 19 Jurisdiction

The competent courts of Amsterdam, the Netherlands are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Capital Securities and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders of the Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.



## Schedule 1

### Particulars To Be Recorded In The Register In Respect Of Each Capital Security

1. Type of Capital Security [Fixed Rate, Floating Rate, Fixed/Floating Rate]
2. Issue Date
3. Maturity Date\*
4. Call Date\*
5. Principal Amount
6. Name and address of Holder
7. Minimum denomination\*
8. Coupon Rate\*
9. Yield\*
10. Margin\*
11. Frequency of interest instalments
12. Interest Payment Dates\*
13. Interest Period\*
14. Rate Reset Date\*
15. Rate Reset Basis\*
16. Details of the account to which payments in respect of the Capital Security are to be made
17. Transfers of the Capital Security
18. Cancellation of the Capital Security
19. Other\*
20. Any other information required by law or otherwise relevant to any particular Capital Securities

\* if applicable

## Schedule 2

### Meetings Of Holders

#### 1. CONVENING

- 1.1 In these provisions:
- 1.2 **“Appointed Time”** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.
- 1.3 **“clause”** is a reference to a clause of this schedule unless specified otherwise.
- 1.4 **“Proxy Closing Time”** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.  
**“Representative”** means:
  - (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
  - (b) in the case of a Holder being a corporation or corporation sole either:
    - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
    - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.
- 1.5 The Issuer may at any time of its own volition convene a meeting of the Holders.
- 1.6 The Issuer will whenever required to do so pursuant to the Securities Act 1978 or any regulations made thereunder or the Listing Rules convene a meeting of the Holders.

1.7 The Issuer will at the request in writing of Holders holding not less than 10% of the aggregate principal amount of the outstanding Capital Securities convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.8 Notwithstanding the other provisions of this clause 1, the Issuer will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

## **2. PLACE**

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

## **3. NOTICE OF MEETINGS**

3.1 Notice of every meeting will be given either by publication thereof in a newspaper in the manner provided in Condition 15 or in writing to every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice, such notice to be sent to the respective addresses of Holders stated in the Register.

3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.

3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

## **4. QUORUM**

4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).

4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in principal amount of the Capital Securities.

4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate principal amount of the Capital Securities.

4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the Chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting, if convened upon the request of Holders, will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days' thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that

only 7 clear day's notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of Capital Securities held by them (but comprising at least two individuals) will form a quorum.

## **5. CHAIRMAN**

5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at each relevant meeting.

## **6. RIGHT TO ATTEND AND SPEAK**

6.1 Any director, officer or solicitor of the Issuer or any person authorised in that behalf by the Issuer may attend any meeting and all such persons will have the right to speak at the meeting.

## **7. ADJOURNMENT**

7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.

7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

## **8. ONLY PERSONS ON REGISTER RECOGNISED BY THE ISSUER**

8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the Capital Securities therein mentioned whether such persons are or are not in fact the owners thereof.

## **9. AUTHORITY TO VOTE**

9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.

9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the Capital Securities recorded as owned by them.

## **10. PROXIES**

10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.

10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.

10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer must be deposited at such place as the Issuer may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of the Issuer not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified

above or out of time.

- 10.4 An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 10.5 A proxy whether in a usual or common form or not will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 10.6 An instrument of proxy in favour of:
- (a) the general counsel of the Australian Branch of the Issuer; or
  - (b) the chairman of the meeting, (howsoever expressed) will be valid and effectual as though it were in favour of a named person and will in the case of paragraph (a) above constitute the person holding the office of the general counsel of the Australian Branch of the Issuer and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

## **11. HOLDER MAY APPOINT ATTORNEY**

- 11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An

attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

## **12. CORPORATE REPRESENTATIVES**

- 12.1 A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time of or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.
- 12.2 A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

## **13. VOTING PROCEDURE AND POLLS**

- 13.1 A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or any representative of the Issuer or by one or more Holders holding or representing not less than 5% of the aggregate principal amount of the Capital Securities. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or

proportion of the votes recorded in favour of or against such resolution.

- 13.2 On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1.00 of principal amount of Capital Securities of which he is the Holder.
- 13.3 If a poll is duly demanded it will be taken in such manner as the chairman of the meeting may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 13.4 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.
- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll votes may be given either personally or by Representative. On a poll a person entitled

to more than one vote need not use all his votes or cast all the votes he uses in the same way.

- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the Capital Securities in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### 14. EXTRAORDINARY RESOLUTIONS

- 14.1 The expression “**Extraordinary Resolution**” means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to any other powers which by the Conditions are

specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:

- (a) power to sanction, either unconditionally or upon any conditions, the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Conditions or the Capital Securities;
- (b) power to sanction any request from the Issuer for the exchange of the Capital Securities for, or the conversion of the Capital Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
- (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer or against its assets however such rights arise;
- (d) power to assent to any amendment to the Conditions proposed or agreed to by the Issuer and to authorise the Issuer to execute any supplemental deed or agreement or fulfil any other requirements or to take any other action that may be necessary to effect such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of the Conditions;
- (f) power to sanction any scheme for the reconstruction or merger of the Issuer where such sanction is necessary; and
- (g) power to authorise or direct the Issuer to execute any supplemental deed or other

document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

- 14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will be, as between the Issuer and the Holders, conclusive evidence that the circumstances justify the passing thereof, the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

## 15. MINUTES TO BE KEPT

- 15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be prima facie evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had held and convened and all resolutions passed or proceedings had thereat shall be deemed to have been duly passed and had.

## 16. RESOLUTIONS IN WRITING

- 16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate Capital Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution.
- 16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

## PART 6

# Glossary

In this Investment Statement, unless the context otherwise requires:

**“Application Form”** means the application form attached at page 99.

**“Arranger”** means Credit Suisse Securities (Europe) Limited.

**“Co-Managers”** means Bank of New Zealand Limited and Forsyth Barr Limited.

**“Dollars”** or **“\$”** means New Zealand dollars.

**“EUR”, “euro”** or **“€”** 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, as amended by the Treaty on European Union.

**“Fitch Ratings”** means Fitch Ratings Limited.

**“General Disclosure Statement”** or **“General Short Form Disclosure Statement”** means the disclosure statements required to be filed by the Rabobank Nederland pursuant to the Reserve Bank of New Zealand Act 1989 and associated regulations.

**“IFRS”** means the International Financial Reporting Standards adopted by the International Accounting Standards Board.

**“Investment Statement”** means this investment statement dated September 10, 2007.

**“IRD Number”** means the individual identification number issued to each person by the New Zealand Inland Revenue Department, also known as a ‘tax file number’.

**“Joint Lead Manager and Organising Participant”** means First NZ Capital Securities Limited.



“**Joint Lead Managers**” means the Joint Lead Manager and Organising Participant and ASB Bank Limited.

“**Moody’s**” means Moody’s Investors Service Limited.

“**NZX Firm**” has the same meaning as in the Participant Rules of New Zealand Exchange Limited.

“**Official Cash Rate**” means Official Cash Rate most recently announced by the Reserve Bank of New Zealand.

“**Rabobank Nederland**” means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., the Issuer of the Capital Securities.

“**Senior Creditors**” means indebtedness of Rabobank Nederland other than Rabobank Nederland’s obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, Rabobank Nederland’s obligations under the Capital Securities. Those obligations that rank *pari passu* with the Capital Securities are Rabobank Nederland’s obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI and, effectively, the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederlands.

“**Standard & Poor’s**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.

“**Terms and Conditions**” or “**Conditions**” means the Terms and Conditions of the Capital Securities contained in Part 5.

“**US\$**” means United States dollars.

# PART 7

## Application Form

### Application Instructions

#### 1. Complete details

- Insert your title, full name(s), address and telephone numbers.
- Applications must be in the name(s) of natural persons, companies or other legal entities.
- Applications by a minor, trust, fund, estate, business, firm or partnership, club or other unincorporated body cannot be accepted unless they are made in the individual name(s) of the person(s) who is (are) the legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as appropriate).
- Insert your IRD Number if you have one.
- Tick the relevant box for Resident Withholding Tax (if applicable). Complete country of tax residence and, if that is not New Zealand, tick the box if you carry on business in New Zealand through a fixed establishment (branch) in New Zealand. If you wish to have non-resident withholding tax instead of approved issuer levy deducted from Interest, tick the box.
- An application for Capital Securities must be for a minimum aggregate Principal Amount of \$5,000 and in multiples of \$1,000 thereafter.
- Insert the New Zealand dollar bank account into which you wish interest payments to be deposited.

#### 2. Signing

- Read the application form carefully and sign (and date) the form.
- The form must be signed by the applicant(s) personally, or by two directors of the company (or one director if there is only one director), or (in either case) by an attorney.

- If the application form is signed by an attorney, an original or certified copy of the relevant Power of Attorney must be lodged with the application form (originals will be returned). The attorney must complete the certificate of non-revocation below.
- If the application form is signed by an agent, an original or certified copy of the relevant Agency Agreement must be lodged with the application form (originals will be returned). The agent must complete the certificate of non-revocation below.
- Joint applicants must each sign the application form.

### 3. Payment

- Payment of the total application amount in full must accompany the application form.
- Payment must be made in New Zealand dollars for immediate value, with a cheque drawn on a New Zealand bank.
- Where an application is for \$500,000 principal amount of Capital Securities, payment must be made by bank cheque or any other method of payment acceptable to Rabobank Nederland.
- Cheques must be made out in favour of "Rabobank Tier 1 Offer", and crossed "Not Transferable".

### 4. Closing Date

- 5:00 pm on October 5, 2007 (or any earlier Closing Date advised by NZX announcement).

### 5. Delivery

- Applications cannot be revoked or withdrawn.
- Application forms may be mailed or delivered to any NZX Firm, or the Registrar: Computershare

Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, Private Bag 92119, Auckland 1142.

- Application forms which are sent to the Joint Lead Manager and Organising Participant or an NZX Firm must be sent in time to enable the application form to be forwarded to the Registrar for receipt by the Closing Date. Applicants should remember that the Closing Date may be changed at the sole discretion of Rabobank Nederland. Changes will be advised by NZX announcement.
- Rabobank Nederland may accept or reject any application without giving any reason. Rabobank Nederland will refuse to accept applications it receives after the Closing Date, which are for less than the minimum amount or where no account details for payments by direct credit are provided.

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# Rabobank Nederland Application Form

This Application Form is issued with the Investment Statement prepared as at September 10, 2007, issued by Rabobank Nederland. Please attach your cheque to this application and return it to **Rabobank Nederland, Computershare Investor Services or any NZX Firm.**

Broker's Stamp
----------------

Broker's Code
---------------

## 1. APPLICANT(S) TO COMPLETE, BLOCK LETTERS PLEASE

Please enter name(s) in full (including all first names)

Legal Family Name	Legal Name(s)

Corporate Name
----------------

IRD Number

Tax, please deduct from all my interest earned\* (tick one)

19.5% Resident Withholding Tax     33% Resident Withholding Tax     39% Resident Withholding Tax     Exempt

(\* If exempt from Resident Withholding Tax please attach a copy of Certificate of Exemption)

Country of tax residence:

- Although not New Zealand tax resident, I am engaged in business in New Zealand through a fixed establishment (branch) in New Zealand
- Although not New Zealand tax resident, I am engaged in business in New Zealand through a fixed establishment (branch) in New Zealand
- If Rabobank Nederland registers the Capital Securities for approved issuer levy purposes I elect that Non-Resident Withholding Tax be deducted from Interest at the applicable rate instead of the approved issuer levy

Postal Address (including post code)	Ph - Home : (    )
	Ph - Work : (    )
	Fax: (    )
Postcode:	Email (optional):

## 2. APPLICATION - IMPORTANT

- Cheques should be made payable to "Rabobank Tier 1 Offer" and crossed "Not Transferable".
- Rabobank Nederland may accept or reject all or part of this application without giving any reason. Rabobank Nederland will refuse to accept applications it receives after 5:00 p.m. on October 5, 2007 (or any earlier Closing Date advised by NZX announcement).
- The minimum investment amount per application is \$5,000 and in multiples of \$1,000 thereafter.

Principal Amount of Capital Securities applied for:
\$

Method of payment (tick one)
<input type="checkbox"/> Cheque attached for: \$
<input type="checkbox"/> Payment of \$ through the Austraclear System (institutional investors only)

## 3. PAYMENT INSTRUCTION OPTIONS (please complete only one option):

Option 1: Payment to my nominated New Zealand bank. My nominated bank account is:

Account Name(s):	Bank	Branch	Account Number	Suffix
<input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>

The account nominated above will be used for all payments of interest and principal when they become payable.

Option 2: Payment to my Cash Management Account with an NZX Firm:

Name of NZX Firm where Cash Management Account Held:	Cash Management Client Account Number:
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

## 4. COMPUTERSHARE INVESTOR SERVICES LIMITED SHAREHOLDER NUMBER

If you currently have a Computershare Shareholder Number please insert it here:

## 5. COMMON SHAREHOLDER NUMBER if you have a CSN, please insert it here:

## 6. AUSTRACLEAR NZ MNEMONIC

(for settlement) (if applicable) (To be settled with the Registrar (CISL90))

## 7. INFORMATION

The information in this application form is provided to enable Rabobank Nederland, its related companies and the Registrar to process your application, and to administer your investment. By signing this application form you authorise Rabobank Nederland to disclose information to its related companies, and for Rabobank Nederland, its related companies and the Registrar to disclose information in situations where Rabobank Nederland or any of its related companies, or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual, under the Privacy Act 1993, you have the right to access and correct any of your personal information.

## 8. INDEMNITY

The Investment Statement to which this Application Form is attached only constitutes an offer of Capital Securities to the public in New Zealand and to investors in other jurisdictions where the Capital Securities may be lawfully offered. No action has been or will be taken by Rabobank Nederland which would permit an offer of Capital Securities to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). Capital Securities may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No Holder, or any other person, may purchase, offer, sell, distribute or deliver Capital Securities, or have in its possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Capital Securities, in any jurisdiction other than in compliance with all applicable laws and regulations.

By applying for Capital Securities, each applicant indemnifies Rabobank Nederland in respect of any loss, cost, liability or expense sustained or incurred by Rabobank Nederland as a result of that applicant breaching the selling restrictions described above.

If, in relation to any Capital Security, Rabobank Nederland or the Registrar becomes liable to make any payment of or on account of tax payable by the Holder, Rabobank Nederland and the Registrar are indemnified by the Holder in relation to such liability. Any moneys paid by Rabobank Nederland or the Registrar in relation to any such liability may be recovered from the Holder as a debt due to Rabobank Nederland or the Registrar, as the case may be, and may be withheld from further payments to that Holder.

Nothing in this indemnity provision prejudices or affects any other right or remedy of Rabobank Nederland or the Registrar set out in the Conditions or otherwise.

## 9. SIGNATURE (S) OF APPLICANT (S)

I/We hereby apply for the Capital Securities as set out above. I/We agree to accept the investments as applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the provisions of the Conditions set out in Part 5 of the Investment Statement, and by the provisions of this Investment Statement dated September 10, 2007.

I/we certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you and to give authorisation.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this application form, the Capital Securities will be held jointly as joint tenants. I/We have taken this application form from the Investment Statement, which I/we have read. **Please read the back of this Application Form before signing.**

Signature of Applicant:

Date:

Signature of Applicant:

Date:

Signature of Applicant:

Date:

## CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

Complete this section if you are acting on behalf of someone for whom you hold Power of Attorney.

I, ..... (Name of Attorney)

of ..... (Address and Occupation of Attorney)

HEREBY CERTIFY

1. THAT as Attorney of ..... under a deed dated .....

Given to me by him/her/the Company. Day..... Month..... Year.....

2. THAT I have executed the application for Notes on the face hereof as Attorney under the said Power of Attorney and pursuant to the powers hereby conferred on me.

3. THAT at the date hereof I have not received any notice of information of the revocation of the said Power of Attorney by death or otherwise.

Signed at.....this day of ..... 2007

Signature of Attorney.....

## CERTIFICATE OF NON-REVOCATION OF AGENT

(Complete this section if you are acting as agent for someone)

I, ..... (Name of Agent)

of ..... (Address and Occupation of Agent)

HEREBY CERTIFY:

1. THAT, by the Agency Agreement dated the ..... day of ..... ("Donor") appointed me his/her/its Agent on the terms and conditions set out in the Agency Agreement.

2. THAT I have executed the application for Capital Securities printed on this application form under the appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received any notice or information of the revocation of that appointment by death (or winding up) of the Donor or otherwise.

Signed at..... this day of ..... 2007

Signature of Agent: .....

# Rabobank Nederland Application Form

This Application Form is issued with the Investment Statement prepared as at September 10, 2007, issued by Rabobank Nederland. Please attach your cheque to this application and return it to **Rabobank Nederland, Computershare Investor Services or any NZX Firm.**

Broker's Stamp

Broker's Code

## 1. APPLICANT(S) TO COMPLETE, BLOCK LETTERS PLEASE

Please enter name(s) in full (including all first names)

Legal Family Name	Legal Name(s)

Corporate Name

IRD Number

Tax, please deduct from all my interest earned\* (tick one)

19.5% Resident Withholding Tax  33% Resident Withholding Tax  39% Resident Withholding Tax  Exempt

(\* If exempt from Resident Withholding Tax please attach a copy of Certificate of Exemption)

Country of tax residence:

- Although not New Zealand tax resident, I am engaged in business in New Zealand through a fixed establishment (branch) in New Zealand
- Although not New Zealand tax resident, I am engaged in business in New Zealand through a fixed establishment (branch) in New Zealand
- If Rabobank Nederland registers the Capital Securities for approved issuer levy purposes I elect that Non-Resident Withholding Tax be deducted from Interest at the applicable rate instead of the approved issuer levy

Postal Address (including post code)	Ph - Home : ( )
	Ph - Work : ( )
	Fax: ( )
Postcode:	Email (optional):

## 2. APPLICATION - IMPORTANT

- Cheques should be made payable to "Rabobank Tier 1 Offer" and crossed "Not Transferable".
- Rabobank Nederland may accept or reject all or part of this application without giving any reason. Rabobank Nederland will refuse to accept applications it receives after 5:00 p.m. on October 5, 2007 (or any earlier Closing Date advised by NZX announcement).
- The minimum investment amount per application is \$5,000 and in multiples of \$1,000 thereafter.

Principal Amount of Capital Securities applied for:

\$

Method of payment (tick one)

Cheque attached for: \$

Payment of \$ through the Austraclear System (institutional investors only)

## 3. PAYMENT INSTRUCTION OPTIONS (please complete only one option):

Option 1: Payment to my nominated New Zealand bank. My nominated bank account is:

Account Name(s):	Bank	Branch	Account Number	Suffix
<input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>

The account nominated above will be used for all payments of interest and principal when they become payable.

Option 2: Payment to my Cash Management Account with an NZX Firm:

Name of NZX Firm where Cash Management Account Held:

Cash Management Client Account Number:

## 4. COMPUTERSHARE INVESTOR SERVICES LIMITED SHAREHOLDER NUMBER

If you currently have a Computershare Shareholder Number please insert it here:

## 5. COMMON SHAREHOLDER NUMBER if you have a CSN, please insert it here:

6. AUSTRACLEAR NZ MNEMONIC (for settlement) (if applicable) (To be settled with the Registrar (CISL90))

## 7. INFORMATION

The information in this application form is provided to enable Rabobank Nederland, its related companies and the Registrar to process your application, and to administer your investment. By signing this application form you authorise Rabobank Nederland to disclose information to its related companies, and for Rabobank Nederland, its related companies and the Registrar to disclose information in situations where Rabobank Nederland or any of its related companies, or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual, under the Privacy Act 1993, you have the right to access and correct any of your personal information.

## 8. INDEMNITY

The Investment Statement to which this Application Form is attached only constitutes an offer of Capital Securities to the public in New Zealand and to investors in other jurisdictions where the Capital Securities may be lawfully offered. No action has been or will be taken by Rabobank Nederland which would permit an offer of Capital Securities to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). Capital Securities may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No Holder, or any other person, may purchase, offer, sell, distribute or deliver Capital Securities, or have in its possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Capital Securities, in any jurisdiction other than in compliance with all applicable laws and regulations.

By applying for Capital Securities, each applicant indemnifies Rabobank Nederland in respect of any loss, cost, liability or expense sustained or incurred by Rabobank Nederland as a result of that applicant breaching the selling restrictions described above.

If, in relation to any Capital Security, Rabobank Nederland or the Registrar becomes liable to make any payment of or on account of tax payable by the Holder, Rabobank Nederland and the Registrar are indemnified by the Holder in relation to such liability. Any moneys paid by Rabobank Nederland or the Registrar in relation to any such liability may be recovered from the Holder as a debt due to Rabobank Nederland or the Registrar, as the case may be, and may be withheld from further payments to that Holder.

Nothing in this indemnity provision prejudices or affects any other right or remedy of Rabobank Nederland or the Registrar set out in the Conditions or otherwise.

## 9. SIGNATURE (S) OF APPLICANT (S)

I/We hereby apply for the Capital Securities as set out above. I/We agree to accept the investments as applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the provisions of the Conditions set out in Part 5 of the Investment Statement, and by the provisions of this Investment Statement dated September 10, 2007.

I/we certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you and to give authorisation.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this application form, the Capital Securities will be held jointly as joint tenants. I/We have taken this application form from the Investment Statement, which I/we have read. **Please read the back of this Application Form before signing.**

Signature of Applicant:

Date:

Signature of Applicant:

Date:

Signature of Applicant:

Date:

## CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

Complete this section if you are acting on behalf of someone for whom you hold Power of Attorney.

I, ..... (Name of Attorney)

of ..... (Address and Occupation of Attorney)

HEREBY CERTIFY

1. THAT as Attorney of ..... under a deed dated .....

Given to me by him/her/the Company. Day..... Month..... Year.....

2. THAT I have executed the application for Notes on the face hereof as Attorney under the said Power of Attorney and pursuant to the powers hereby conferred on me.

3. THAT at the date hereof I have not received any notice of information of the revocation of the said Power of Attorney by death or otherwise.

Signed at.....this day of ..... 2007

Signature of Attorney.....

## CERTIFICATE OF NON-REVOCATION OF AGENT

(Complete this section if you are acting as agent for someone)

I, ..... (Name of Agent)

of ..... (Address and Occupation of Agent)

HEREBY CERTIFY:

1. THAT, by the Agency Agreement dated the ..... day of ..... ("Donor") appointed me his/her/its Agent on the terms and conditions set out in the Agency Agreement.

2. THAT I have executed the application for Capital Securities printed on this application form under the appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received any notice or information of the revocation of that appointment by death (or winding up) of the Donor or otherwise.

Signed at..... this day of ..... 2007

Signature of Agent: .....



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# PART 8

## Directory

### ISSUER

#### **Coöperatieve Centrale Raiffeisen- Boerenleenbank B.A. (Rabobank Nederland)**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

### **DIRECTORS**

Bert (H.) Heemskerk, Chairman  
Bert (A.) Bruggink  
Hans (J.C.) ten Cate  
Piet (P.W.) Moerland  
Sipko (S.N.) Schat  
Piet (P.J.A.) van Schijndel

### **AUDITORS**

Ernst & Young Accountants  
Euclideslaan 1  
3584 BL Utrecht  
The Netherlands

## JOINT LEAD MANAGER AND ORGANISING PARTICIPANT

### **First NZ Capital Securities Limited**

10th Floor  
Caltex Tower  
282 Lambton Quay  
Wellington 6011  
Telephone: +64 (4) 474 4400  
Freephone: 0800 005 678  
[www.firstnzcapiatal.co.nz](http://www.firstnzcapiatal.co.nz)

20th Floor  
ANZ Centre  
23-29 Albert Street  
PO Box 5333  
Auckland 1010  
Telephone: +64 (9) 302 5500

164 Hardy Street  
PO Box 114  
Nelson 7010  
Telephone: +64 (3) 548 8319

## JOINT LEAD MANAGER

### **ASB Bank Limited**

135 Albert Street  
PO Box 35  
Auckland 1010  
Telephone: +64 (9) 369 4602  
Freephone: 0800 272 732  
[www.asbsecurities.co.nz](http://www.asbsecurities.co.nz)

## ARRANGER

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