Â Profile

- **Market leader in the Netherlands in savings, mortgages, SME and agricultural lending**
- **Aims to become the world's leader in the food and agribusiness banking market**

RNed is the result of the merger in 1972 between Cooperatieve Centrale Raiffeisen-Bank of Utrecht and Cooperatieve Centrale Boerenleenbank of Eindhoven. It is owned by individual local cooperative Rabobanks. RNed is the group's clearing house; it undertakes securities, foreign exchange (FX) and other foreign business transactions, and handles relationships with large wholesale clients. The local Rabobanks must place at least 15% of their deposits with RNed. The interest rate paid by RNed on these deposits is based on internal rules and is adjusted at least once a year. The separate Rabobanks and RNed are credit institutions licensed by the Dutch central bank (De Nederlandse Bank or DNB), which supervises them as a group through RNed.

The local banks are themselves "owned" by their members. The equity of each Rabobank consists of retained earnings and revaluation reserves. However, by-laws do not permit the distribution of retained earnings to members, either in the form of dividends or in the case of liquidation. In 2000, Rabo introduced members certificates, a form of equity stake (see *Funding and Capital*), to strengthen the relationship between members and the local Rabobanks and to encourage "active membership". Rabo pays a dividend on these certificates. At end-2006, the group had 1.6 million members

Cross-Guarantee: In 1980, all Rabo's retail constituents and certain wholesale subsidiaries decided to assume joint and several liability for each other. This cross-guarantee covers the local Rabobanks, RNed, Rabohypotheekbank and the mortgage bonds issued by it, Raiffeisenhypotheekbank NV, Schretlen & Co. NV, De Lage Landen International BV, De Lage Landen Financiering BV, De Lage Landen Trade Service BV and De Lage Landen Financial Services BV. Under this arrangement, the aggregate equity of all participants serves as a guarantee for the creditors of each participant. The cross-guarantee scheme is certified by DNB as legal, valid and binding, and has never needed to be used.

Rabo provides all the services of a universal bank. Its distinctive character derives from its cooperative structure, which favours long-term and low-risk business over shorter-term and higher-risk activities. The group has five business lines: domestic retail banking, wholesale banking, asset management, leasing and real estate.

The domestic retail banking of the local Rabobanks is Rabo's core activity, contributing to 55% of total revenue in 2006. Rabo is the largest provider of residential mortgages in the Netherlands, with a 25.5% (2005: 23.5%) market share of mortgages distributed by banks (only 40% of the total Dutch mortgage lending is provided by banks as 60% of the stock is on the books of pension funds and insurance companies). The improvement in market share was helped by the acquisition of the Bouwfonds property business from ABN AMRO Bank (rated 'AA-') in 2006. It also has a particular strength in the SME segment (defined as lending to companies with fewer than 100 employees) – in 2006, its market share of SME lending was 38%. Rabo is currently merging some local banks to obtain economies of scale and scope. To this end, it plans to reduce the number of local banks in existence from 188 at end-2006 to about 150 by end-2007 and reduce staff numbers, but to maintain similar number of branches (1,214 at end-2006). Rabo has been successful in encouraging retail and SMEs customers to switch to using the internet for low-value transactions. In H107, 48% of savings were collected via the internet.

Rabobank has a 38% stake in Achmea, the Dutch insurance arm of the largest insurance company in the Dutch market, Eureko, with a market position in the top two in the life, non-life and health business. Robeco is Rabo's main asset management company, and at end-2006 managed EUR142bn of assets.

Rabo's **wholesale banking** operations in the Netherlands and abroad, which include its international retail banking activities, contributed 26% of total revenue in 2006. Rabobank International is the trading name of the international wholesale bank, but is not a separate legal entity. In the Netherlands, Rabobank International not only serves the large Dutch corporates, but also supports the local Rabobanks in serving their corporate costumers abroad. The bank focuses on the food and agribusiness sector, with the emphasis on the food sector. Rabo is present in 38 countries outside the Netherlands, with 330 offices at end-2006. The main countries in which it has bank subsidiaries are the US, Australia, New Zealand and Ireland. With the acquisition of Mid-State Bank & Trust at the beginning of 2007, it has increased the number of branches in California to 90. In addition, the bank also acquired two small banks, Bank Haga and Bank Hagakita, in Indonesia.

Asset management, leasing and real estate activities provide for diversification, together accounting for around 19% of total revenue in 2006. The group is committed to these business lines and has been making small acquisitions in these fields. In 2006, it acquired Athlon, a Dutch car leasing company, as well as the real estate development activities of Bouwfonds from ABN AMRO

In 2004, the Dutch government introduced the corporate governance code, devised by the Tabaksblat committee. Rabo is not subject to this code, as its structure is based on cooperative principles and it is not a listed company. Nevertheless, Rabo is committed to complying with the code where possible.

Strategy: Rabo plans to expand organically or by making small acquisitions, and it is looking to fill gaps in its domestic market. It also aims to preserve the stable cooperative nature of the bank, and would only consider low-risk acquisitions. Management's goal is to grow in the domestic market in all business areas through further collaboration with Eureko/Achmea and by strengthening its position in the top end of the private and corporate markets where Rabo is currently ranked second. Traditionally, Rabo has a strong presence in rural areas, with the local Rabobanks having less prominence in the large cities. The group aims to expand further in the urban areas. Rabo also aims to continue its expansion abroad as a leading international food and agricultural bank and to increase synergies between the group's subsidiaries.

Â Performance

- **Sound and consistent profitability, reflecting low-risk strategy, deep-rooted franchise and growing diversification**

Rabobank's financial performance is sound and has been remarkably consistent. Although its profitability, as measured by its operating ROAE, is lower than that reported by its domestic competitors ABN AMRO and ING Bank and also with those of the French banks Dexia and Credit Agricole (See Table 1), this reflects the bank's high capital base and the absence of any shareholders demanding higher returns. Despite its low risk balance sheet, operating ROAA is in line with that of its Dutch peers.

The contribution of each business area to Rabo's revenue and pre-tax profit is shown in Table 2. The results of all five business lines improved during the year. While wholesale banking remains the second-largest contributor, it had the largest relative increase. The Dutch government has been reducing the income tax rate in recent years (2006:29.6%; 2004:34.5%) which is helping the group's net income.

Despite strong domestic volume growth (10%) in lending, net interest revenues were subdued, due to the flattening of the yield curve and the highly competitive environment in the Netherlands. This was reflected in the slow growth of total revenue from the bank's domestic retail banking (2%) – its other divisions all achieved double-digit growth. Nevertheless, domestic retail banking remains the major source of consolidated operating revenue (55% in 2006) and of operating profits (nearly 57%). Management sees scope for further growth in domestic retail banking, especially in consumer credit and also expects to increase its market share in the SMEs enterprises and strengthen its position in large cities, where Rabo has historically been under-represented.

Wholesale banking and international retail banking operations grew strongly in 2006, with increases in revenues (up by 21%) and pre-tax profits (up by 20%) partly due to a healthy performance in the global financial markets. Around 46% of wholesale income is derived from Europe, 35% from the US, 15% from Australia and New Zealand and the remainder from Asia. Income from international retail operations, despite rising by 10% in 2006 to EUR506m, still represents only 19% of total divisional income. The long-term target is to increase the share of international retail operations.

Operating Revenues: The 7.3% increase in operating revenue during 2006 was mostly driven by

Table 1: Comparison of Performance Ratios

	Rabobank		ABN Amro		ING Bank		Dexia		Crédit Agricole	
(%)	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Operating ROAE	10.5	11.5	17.2	23.0	23.3	24.7	18.1	18.2	17.5	16.9
Operating ROAA	0.51	0.53	0.47	0.60	0.57	0.61	0.55	0.54	0.77	0.75
Net Interest Margin	1.26	1.31	1.22	1.17	1.14	1.32	0.78	0.86	1.44	1.54
Cost/income	72.6	71.1	71.5	70.4	63.9	65.7	53.6	56.6	61.1	63.2
Tier 1 ratio	10.7	11.6	8.5	10.6	7.6	7.3	9.8	10.3	7.8	7.9
LLP/profit before provisions and tax	14.2	16.6	29.7	11.7	2.03	1.93	4.03	2.07	13.1	13.3

Source: Bank annual reports, reclassified by Fitch

Table 2: Total Income and Pre-Tax Profit by Business Area

	Total Income			Pre-Tax Profit		
(EURm)	2006	2005	2004	2006	2005	2004
Domestic retail banking	5,551	5,431	5,173	1,535	1,521	1,172
Wholesale banking	2,662	2,226	2,261	801	690	785
Asset management	836	718	653	285	250	186
Leasing	842	719	641	271	235	192
Real estate	244	150	126	144	108	94
Other & consolidation	-86	119	-204	-324	-200	137
Total	**10,049**	**9,363**	**8,650**	**2,712**	**2,604**	**2,566**

Source: Rabobank

Table 3: Breakdown of Commissions and other operating income

(EURm)	2006	2005
Management fees	583	535
Insurance	387	266
Securities business	386	367
Payment services	363	400
Lending	247	210
Other	330	282
Net commissions	**2,296**	**2,060**
Trading and hedging income	246	(146)
Income from associated	556	579
Lease income	181	21
Other	297	588
Other operating income	**1,281**	**1,042**

Source: Rabobank

strong growth in non-interest income, as the favourable investment climate boosted commission and trading revenues. Net interest revenue, which represented 64% of total operating revenue in 2006 rose by only 3% compared with the previous year. This rise was a result of higher lending, owing to healthy growth in retail lending in the Netherlands as well as in international retail lending. The bank's net interest margin measured by net interest revenue/average total assets fell slightly during 2006 due to fierce competition in the domestic market and the flattening yield curve.

Net fees and commissions are mainly earned on assets under management, payment services, insurance and securities transactions. In 2006, this line item contributed 23% of total revenues (2005: 22%) This percentage is expected to increase in future years, reflecting expansion of non-bank financial services such as asset management and insurance related products. Net commissions (see Table 3) rose by 11%. The largest increase came from insurance commissions, given further cooperation with Eureco/Achmea. The breakdown of other operating income (line 6 of the attached spreadsheet) in Table 3 mostly includes income from associated companies, mainly from Achmea / Eureko. Trading and hedging income (which includes the marking to market of assets, liabilities and derivatives) was strong due to the favourable equity markets. Nevertheless, trading activities at Rabobank are small and their contribution to group revenues is a reflection of Rabobank's risk aversion.

Non-Interest Expenses: In recent years, Rabo has been actively implementing measures to improve its cost efficiency. These efforts have met with some success. Nevertheless in 2006, the number of employees increased by 11% due to various acquisitions, pushing up personnel expenses by 6%. Despite savings achieved using group-wide procurement, the growth in activities (marketing costs, offices and IT) and increased compliance costs led to higher operating expenses in 2006. In addition, Rabo allocated EUR150m of non-specific provision in other operating expenses. Excluding this allocation, Rabo's cost-efficiency ratio remained stable, but still lags behind that of international competitors.

In 2006, the loan impairment charge represented a low 0.14% of average loans and 14% of pre-impairment operating profit, confirming the stable and low-risk nature of Rabo's loan portfolio. The bank puts its through-the-cycle cost of credit risk at 25bps.

Prospects: With most of its revenues and operating profit deriving from the Netherlands and with its large market shares in this market, Rabo's prospects are closely tied to those of the Dutch economy. According to Fitch, the Duch economy is expected to grow by 2.9% in 2007. This should support Rabo's domestic retail business. However, interest margins are bound to remain tight in the face of unrelenting competition. Therefore, revenue generation will depend on the bank's ability to further increase its lending volumes and diversify its revenue stream. Rabo could take advantage of one of its mayor domestic competitors being involved in merger & acquisition talks. Management has sharpened its focus on restructuring its domestic network and acquiring potentially profitable, low-risk, niche businesses, from which it envisages steady growth in revenues and profits. It is also embarking on organic and controlled growth outside the Netherlands, concentrating on its strength in the food and agricultural business, in which it sees good prospects for growth. The stable and low-risk nature of Rabo's operations and the gradual deepening and widening of its franchise should allow it to withstand any major upheavals on the global stage. Fitch welcomes the controlled diversification away from the bank's competitive core retail banking market.

Â Risk Management

- **Cautious attitude to all forms of risk**
- **Sound credit and market risk control systems**

Credit Risk: Rabo has a comprehensive set of lending procedures and limits in place, both at the central and the local Rabobank level. The group uses a risk rating system which reflects the counterparty's probability of default (PD) over a one-year period. Rabo applies a 25-notch rating system, including four default ratings.

At end-2006, 51% of the group's loan portfolio related to private individuals, mainly residential mortgages, 16% to the food and agricultural sector and a further 33% to the trade, industry and service sector. At that date, Rabo's 20 largest outstanding risk exposures accounted for 3% of total risk (loans and off-balance-sheet liabilities), reflecting the bank's low risk concentration.

In 2006, Rabo's loan book grew 16.6% to EUR355bn. The growth was widespread, with personal lending, industrial and agricultural lending all contributing to the loan book expansion.

At end-2006, domestic lending accounted for 76% (2005: 79%) of all customer loans to the private sector. Lending to private individuals accounted for half of all private sector loans, the majority of which being low-risk Dutch residential mortgages. Historically, the Dutch mortgage market has presented few problems. Some concerns have arisen because of high property prices and rising interest rates. However, unemployment levels are low and the Dutch economy is performing well. Therefore, observers are expecting steady demand and limited supply to support the market in future years. At end-2006, Rabo had extended EUR26bn to agricultural borrowers in the Netherlands, a traditional area of expertise. Bankruptcy ratios in the Dutch primary agricultural business are extremely small at 0.2% compared with 1% for Dutch industry, and thus Rabo's dominant presence in this sector (84% market share in primary agriculture) contributes to its low risk profile.

Domestic lending to industry was around EUR65bn at end-2006 with the largest sector – real estate, rental and leasing – representing 26% of the total. The balance was diversified among all sectors and widely fragmented among SMEs.

International lending increased by 36% in 2006 despite the weakening of the dollar. The largest increases were in wholesale and information & communication. However, international lending remains dominated by agricultural loans, accounting for EUR28bn at end-2006. These are well diversified by sub-market segment. Other loans to the private sector (EUR47bn) are predominantly to financial institutions, wholesale and information and communication companies. The loans are made mainly in Western Europe (46% at end-2006), North America (35%), Australia/New Zealand (14%) and Asia (5%). Rabo does not have direct exposure on US sub-prime lending via its banking business in California. There is, however, exposure via CDO conduits. Fitch considers this exposure modest in relation to the group's consolidated risk exposures and as a proportion of its equity.

At end-2006 Rabo reported EUR5.2bn of net exposure to non-OECD countries including assets, guarantees and unused credit lines. The largest exposure was to Asia (EUR2.9bn of net exposure) and to Latin America (EUR1.7bn).

The majority of loans and advances to banks (line B1 in attached balance sheet analysis) are with highly rated large Dutch and international financial institutions and have sizeable individual limits.

Loan Loss Experience and Reserves: Rabo has maintained a low level of loan losses by focusing on low-risk market segments and by pursuing a diversified portfolio. At end-2006, Rabo reported EUR4.36bn of loans for which provisions had been made, equal to 1.2% of gross loans (2005: 1.58%). This definition is different from the more widely used definition of 90 days past due, and appears to be more conservative. Around 40% of these impaired loans come from leasing, wholesale banking and international retail banking and were 64% covered by loan impairment reserves, while the remaining impaired loans where mostly from domestic retail banking and were 47% covered, a weaker level than seen in some other Western European countries. However, they mostly related to SMEs which contain collaterals. Rabo writes off a relatively low proportion of impaired loans, suggesting that losses are contained, and indicating a conservative definition for impaired loans.

Market Risk: Rabo takes a cautious approach to market risk, has good controls in place and little net exposure. The bank is active as an intermediary, seeking a stable flow of revenues. To manage its exposures, Rabo applies a range of internal limits, and uses simulations to estimate the impact of sudden and severe market movements. Market risk, including structural interest rate risk, accounted for 13% of the group's economic capital. Guidelines and limits are established by the executive board upon recommendation of a 'balance sheet and risk management committee'. The latter is also the group's central asset and liability management committee (ALCO) in charge of supervising interest rate sensitivity and liquidity. A 100 bp increase in interest rates would lead to a EUR50m reduction in net interest revenue over the next 12 months. Some business units have their own ALCOs. A market risk control unit, independent of the commercial and investment banking activities, monitors market risk.

To measure the risks in its trading book under normal market conditions, Rabo uses value at risk (VaR), which averaged EUR30.2m in 2006 and peaked at EUR38m. VaR is calculated using a one-day holding period, 99% confidence level and a one-year observation period. These figures represent a small proportion of equity and suggest that the bank is only minimally exposed to market risk in its trading book. Back-testing performed by the group confirms that its models have been accurate and conservative. To measure market risk under extreme market conditions, stress tests are used.

Rabo uses a wide range of derivative products for asset and liability management and also offers these products to its clients. Fitch is informed that Rabo does not take large proprietary positions and it has not incurred any significant losses on its derivatives transactions.

Operational risk accounted for 8% of the group's use of economic capital at end-2006. Its model for calculating its capital requirements is currently being tested to determine whether it conforms with the Basel II definition, as Rabo aims to adopt the advanced measurement approach.

Â Funding and Capital

- **Large and well diversified funding mix, market leader in Dutch savings**
- **Good liquidity position**
- **Very strong capital ratios, self-imposed minimum Tier 1 ratio of 10%**

Funding: At end-2006, Rabo's market share of domestic savings stood at 39%, making it market leader in the Dutch market. Traditionally, customer deposits are a cheap source of funding. Issuance of debt securities under various funding programmes enables the bank to maturity match its asset and liability profile. Overall, Rabo's funding mix is well diversified.

Rabo's treasury department manages liquidity for the entire group. It ensures that it has a large stock of liquid assets constantly available in different currencies to meet actual and potential obligations. Because of its portfolio of readily marketable securities (EUR107bn at end-2006) as well as stand-by bank facilities, Rabo's liquidity is sound. It uses stress scenario analysis in its liquidity planning.

Capital: In order to expand its balance sheet, Rabo needs to expand its capital base simultaneously, so as to maintain its Tier 1 ratio above its self-imposed minimum target of 10%. However, due to its cooperative structure, the bank does not have access to the stock market to raise equity funding. Relying solely on retaining earnings to expand its capital base would limit its ability to grow. Therefore, in 2000, Rabo started raising capital by issuing so-called 'member certificates' to the local Rabobanks' members as well as to the group's employees. This capital is available to Rabo on a perpetual basis and is not callable by its members. Consequently, it is included in equity and is considered core capital under IFRS as well as by the DNB. Between 2000-2006, Rabo raised EUR5.8bn in this manner, which is included in line M1 in the attached Balance Sheet Analysis.

Fitch considers Rabo's eligible capital ratios very strong. While EUR3.0bn was in the form of hybrids instruments at end-2006, this amount is acceptable as they represented less than 12% of eligible capital

Rabo's low risk profile is reflected in a much lower capital requirement on the group preliminary calculation under Basel II. At end-2006, its Tier 1 ratio stood a 10.7%. Using the internal calculation for the Basel II requirements, the ratio would be over 16%. The main difference comes from its large mortgage portfolio. Moreover, the capital requirements for the leasing and corporate portfolio will also be significantly lower due to very low historical PDs and LGDs, mostly because a large part of Rabo's SME lending being collateralised. Rabo's total economic capital for 2006 of EUR16.9bn applies a confidence interval of 99.99%, and in addition to credit, market risk and operational risk, includes interest risk, business risk and insurance risk, and is well bellow its Tier 1 capital of EUR26.4bn.

Balance Sheet Analysis
RABOBANK GROUP

	31 Dec 2006				31 Dec 2005		31 Dec 2004	
	Year End USDm Original	Year End EURm Original	As % of Assets Original	Average EURm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
A. LOANS								
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
3. Government	4,073.5	3,093.0	0.56	2,802.5	2,512.0	0.50	n.a.	-
4. Other	466,324.2	354,080.0	63.63	329,188.0	304,296.0	60.07	273,946.0	56.65
5. Loan Impairment	2,961.9	2,249.0	0.40	2,303.0	2,357.0	0.47	n.a.	-
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL A	**467,435.8**	**354,924.0**	**63.78**	**329,687.5**	**304,451.0**	**60.10**	**273,946.0**	**56.65**
B. OTHER EARNING ASSETS								
1. Loans and Advances to Banks	64,646.4	49,086.0	8.82	51,075.5	53,065.0	10.48	41,050.0	8.49
2. Government Securities	44,683.3	33,928.0	6.10	36,520.0	39,112.0	7.72	44,187.0	9.14
3. Trading Assets	38,212.8	29,015.0	5.21	27,355.5	25,696.0	5.07	13,480.0	2.79
4. Derivatives	25,012.5	18,992.0	3.41	21,563.5	24,135.0	4.76	32,035.0	6.62
5. Other Securities and Investments	49,718.2	37,751.0	6.78	34,475.5	31,200.0	6.16	50,218.0	10.38
6. Equity Investments	16,595.5	12,601.0	2.26	13,672.0	14,743.0	2.91	9,678.0	2.00
7. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL B	**238,868.7**	**181,373.0**	**32.59**	**184,662.0**	**187,951.0**	**37.10**	**190,648.0**	**39.42**
C. TOTAL EARNING ASSETS (A+B)	**706,304.5**	**536,297.0**	**96.38**	**514,349.5**	**492,402.0**	**97.20**	**464,594.0**	**96.08**
D. TANGIBLE FIXED ASSETS	**6,614.0**	**5,022.0**	**0.90**	**4,068.5**	**3,115.0**	**0.61**	**3,313.0**	**0.69**
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	2,146.7	1,630.0	0.29	2,276.5	2,923.0	0.58	7,269.0	1.50
2. Other	17,787.4	13,506.0	2.43	10,819.5	8,133.0	1.61	8,398.0	1.74
F. TOTAL ASSETS	**732,852.6**	**556,455.0**	**100.00**	**531,514.0**	**506,573.0**	**100.00**	**483,574.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING								
1. Due to Customers - Current	105,430.0	80,053.0	14.39	72,068.5	64,084.0	12.65	63,780.0	13.19
2. Due to Customers - Savings	117,871.7	89,500.0	16.08	87,840.5	86,181.0	17.01	78,325.0	16.20
3. Due to Customers - Term	61,037.8	46,346.0	8.33	41,254.0	36,162.0	7.14	35,377.0	7.32
4. Deposits with Banks	149,669.4	113,644.0	20.42	111,696.5	109,749.0	21.66	96,444.0	19.94
5. Other Deposits and Short-term Borrowings	77,474.0	58,826.0	10.57	59,355.5	59,885.0	11.82	51,039.0	10.55
TOTAL G	**511,482.9**	**388,369.0**	**69.79**	**372,215.0**	**356,061.0**	**70.29**	**324,965.0**	**67.20**
H. OTHER LIABILITIES								
1. Derivatives	29,458.7	22,368.0	4.02	25,224.5	28,081.0	5.54	39,171.0	8.10
2. Trading Liabilities	5,697.4	4,326.0	0.78	3,713.5	3,101.0	0.61	7,090.0	1.47
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	17,882.0	3.70
TOTAL H	**35,156.1**	**26,694.0**	**4.80**	**28,938.0**	**31,182.0**	**6.16**	**64,143.0**	**13.26**
I. OTHER FUNDING								
1. Long-term Borrowing	125,786.9	95,510.0	17.16	87,730.5	79,951.0	15.78	58,421.0	12.08
2. Subordinated Debt	1,476.4	1,121.0	0.20	1,141.5	1,162.0	0.23	202.0	0.04
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL I	**127,263.3**	**96,631.0**	**17.37**	**88,872.0**	**81,113.0**	**16.01**	**58,623.0**	**12.12**
J. NON-INTEREST BEARING	**18,492.0**	**14,041.0**	**2.52**	**12,213.5**	**10,386.0**	**2.05**	**10,912.0**	**2.26**
K. HYBRID CAPITAL								
1. Hybrid capital accounted for as equity	2,580.0	1,959.0	0.35	2,025.5	2,092.0	0.41	1,877.0	0.39
2. Hybrid Capital accounted for as debt	1,750.3	1,329.0	0.24	1,406.0	1,483.0	0.29	1,927.0	0.40
L. TOTAL LIABILITIES	**696,724.6**	**529,023.0**	**95.07**	**505,670.0**	**482,317.0**	**95.21**	**462,447.0**	**95.63**
M. EQUITY								
1. Common Equity	30,110.6	22,863.0	4.11	21,923.0	20,983.0	4.14	17,309.0	3.58
2. Minority Interest	5,510.3	4,184.0	0.75	3,590.0	2,996.0	0.59	3,269.0	0.68
3. Revaluation Reserves	507.0	385.0	0.07	331.0	277.0	0.05	549.0	0.11
TOTAL M	**36,128.0**	**27,432.0**	**4.93**	**25,844.0**	**24,256.0**	**4.79**	**21,127.0**	**4.37**
MEMO:CORE CAPITAL	**32,285.0**	**24,514.0**	**4.41**	**23,382.0**	**22,250.0**	**4.39**	**19,390.0**	**4.01**
MEMO: ELIGIBLE CAPITAL	**36,180.7**	**27,472.0**	**4.94**	**26,464.0**	**25,456.0**	**5.03**	**22,237.0**	**4.60**
N. TOTAL LIABILITIES & EQUITY	**732,852.6**	**556,455.0**	**100.00**	**531,514.0**	**506,573.0**	**100.00**	**483,574.0**	**100.00**
Exchange Rate		USD1 = EUR 0.7593			USD1 = EUR 0.8477		USD1 = EUR 0.7342	

Income Statement Analysis
RABOBANK GROUP

	31 Dec 2006		31 Dec 2005		31 Dec 2004	
	Income Expenses EURm Original	As % of Total AV Earning Assts Original	Income Expenses EURm Original	As % of Total AV Earning Assts Original	Income Expenses EURm Original	As % of Total AV Earning Assts Original
1. Interest Income	25,059.0	4.87	19,716.0	4.12	18,580.0	-
2. Interest Expense	18,587.0	3.61	13,455.0	2.81	12,385.0	-
3. NET INTEREST REVENUE	**6,472.0**	**1.26**	**6,261.0**	**1.31**	**6,195.0**	**-**
4. Net Fees & Commissions	2,296.0	0.45	2,060.0	0.43	1,872.0	-
5. Net Insurance Revenue	n.a.	-	n.a.	-	214.0	-
6. Other Operating Income	1,281.0	0.25	1,042.0	0.22	369.0	-
7. Personnel Expenses	4,117.0	0.80	3,880.0	0.81	3,683.0	-
8. Other Operating Expenses	2,770.0	0.54	2,362.0	0.49	2,494.0	-
9. PRE-IMPAIRMENT OPERATING PROFIT	**3,162.0**	**0.61**	**3,121.0**	**0.65**	**2,473.0**	**-**
10. Loan Impairment Charge	450.0	0.09	517.0	0.11	479.0	-
11. Other Credit Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	**2,712.0**	**0.53**	**2,604.0**	**0.54**	**1,994.0**	**-**
13. Other Income and Expenses	n.a.	-	n.a.	-	572.0	-
14. PUBLISHED PRE-TAX PROFIT	**2,712.0**	**0.53**	**2,604.0**	**0.54**	**2,566.0**	**-**
15. Taxes	367.0	0.07	521.0	0.11	773.0	-
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-
17. Change in Value of AFS investments	29.0	0.01	-294.0	-0.06	478.0	-
18. CurrencyTranslation Differences	-15.0	0.00	22.0	0.00	71.0	-
19. Other Gains/(Losses) not in Published Net Income	94.0	0.02	0.0	0.00	0.0	-
20. FITCH COMPREHENSIVE INCOME	**2,453.0**	**0.48**	**1,811.0**	**0.38**	**2,342.0**	**-**
21. Total Gains/(Losses) not in Published Net Income	108.0	0.02	-272.0	-0.06	549.0	-
22. IFRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**2,345.0**	**0.46**	**2,083.0**	**0.44**	**1,793.0**	**-**

Ratio Analysis

RABOBANK GROUP

		31 Dec 2006	31 Dec 2005	31 Dec 2004
		Year End	Year End	Year End
		EURm	EURm	EURm
		Original	Original	Original
I. PERFORMANCE				
1. Net Interest Margin	%	1.26	1.31	n.a.
2. Loan Yield	%	n.a.	n.a.	n.a.
3. Cost of Funds	%	4.00	3.25	n.a.
4. Costs/Average Assets	%	1.30	1.26	n.a.
5. Costs/Income	%	72.55	71.06	71.41
6. Pre-Impairment Operating ROAA	%	0.59	0.63	n.a.
7. Operating ROAA	%	0.51	0.53	n.a.
8. Pre-impairment Operating ROAE	%	12.23	13.75	n.a.
9. Operating ROAE	%	10.49	11.48	n.a.
II. CAPITAL ADEQUACY				
1. Internal Capital Generation	%	9.49	7.98	n.a.
2. Core Capital/Total Assets	%	4.43	4.41	4.02
3. Eligible Capital/Regulatory Weighted Risks	%	11.11	11.90	11.34
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	11.23	12.03	11.62
5. Tier 1 Regulatory Capital Ratio	%	10.70	11.60	10.90
6. Total Regulatory Capital Ratio	%	11.00	11.80	10.80
7. Free Capital/Equity	%	50.57	60.57	139.73
III. LIQUIDITY (year end)				
1. Liquid Assets/Deposits & Money Mkt Funding	%	30.85	35.35	38.56
2. Loans/Deposits	%	164.39	163.31	154.35
IV. ASSET QUALITY				
1. Loan Impairment Charge/Gross Loans (av.)	%	0.14	0.18	n.a.
2. Total Credit Impairment/Pre-impairment Operating Profit	%	14.23	16.57	19.37
3. Loan Impairment/Gross Impaired Loans	%	51.64	48.96	n.a.
4. Individual Loan Impairment/Gross Impaired Loans	%	51.60	49.00	51.60
5. Impaired Loans Gross / Loans Gross	%	1.23	1.58	1.49
6. Impaired Loans Net/Eligible Capital	%	7.67	9.65	18.34
7. Net Charge-offs/Gross Loans (av.)	%	0.16	0.13	n.a.

Spread Sheet Annex

RABOBANK GROUP (C.)

EURm	31 Dec 2006 Original	31 Dec 2005 Original	31 Dec 2004 Original
TOTAL REPORTED EQUITY	**29,377.0**	**26,349.0**	**23,004.0**
Hybrid capital accounted for as equity	1,959.0	2,092.0	1,877.0
Other reserves - cash flow hedge reserve	-14.0	1.0	0.0
M : EQUITY	**27,432.0**	**24,256.0**	**21,127.0**
Revaluation Reserves	385.0	277.0	549.0
Goodwill	1,056.0	154.0	112.0
Deferred income tax assets - to be deducted from equity	1,477.0	1,575.0	1,076.0
CORE CAPITAL	**24,514.0**	**22,250.0**	**19,390.0**
Eligible Weighted Hybrid Capital	2,958.0	3,206.0	2,847.0
FITCH ELIGIBLE CAPITAL	**27,472.0**	**25,456.0**	**22,237.0**
MEMO: Total Weighted Hybrid Capital	2,958.0	3,206.0	2,847.0
MEMO: Eligible Hybrid Capital Limit	10,506.0	9,535.7	8,310.0
MEMO: Potential for Further Eligible Hybrid Issuance	7,548.0	6,329.7	5,463.0