

Netherlands
Full Rating Report

Rabobank Group

Ratings

Foreign Currency	
Long-Term IDR	AA+
Short-Term IDR	F1+
Individual Rating	
Support Rating	A/B
Support Rating Floor	A+
Sovereign Risk	
Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

	30 Dec 09	31 Dec 08
Rabobank Group		
Total assets (USDm)	875,444	851,882
Total assets (EURm)	607,698	612,120
Equity (EURm)	31,916	29,949
Operating profit (EURm)	2,154	2,476
Published net income (EURm)	2,288	2,754
Comprehensive income (EURm)	2,834	1,493
Operating ROAA (%)	0.35	0.43
Operating ROAE (%)	6.95	8.53
Eligible capital/weighted risks (%)	12.17	10.05
Tier 1 ratio (%)	13.80	12.75

Analysts

Claudia Nelson
+44 20 7682 7140
claudia.nelson@fitchratings.com

Maria Jose Lockerbie
+44 20 7417 4318
mariajose.lockerbie@fitchratings.com

Related Research

Applicable Criteria

- *Equity Credit for Hybrids & Other Capital Securities* (December 2009)
- *Global Financial Institutions Rating Criteria* (August 2010)
- *Rating Hybrid Securities* (December 2009)

Rating Rationale

- The ratings of Rabobank Group (Rabobank) reflect its robust capitalisation, a coherent, focused and long-term strategy, resilient earnings despite higher impairments, a generally low risk-profile and strong franchises in food and agribusiness and mass-market banking.
- In view of the recent crisis, Rabobank has raised its minimum Tier 1 target to at least 12.5% and has cut back on higher-risk business to concentrate on its core client base. It is reducing risk-weighted assets, is identifying non-strategic participations to sell and issued new hybrid capital. Its capitalisation is strong and is expected to rise but medium-term returns are likely to diminish.
- Rabobank's performance remained sound in 2009, despite higher impairment charges and pressure on revenue, boosted by income from the repurchase of debt securities and greater income from its associate, Eureko. Cost-cutting measures and restructurings were kept under control. However, prospects for 2010 remain subdued, as the low interest environment and weak consumer confidence and rising unemployment are likely to keep volumes and revenue muted. Interest margins are improving, however, and impairment charges, while higher than average, are expected to be substantially lower than in 2009.
- Rabobank's loan book is highly fragmented and well collateralised, reflecting its large portfolio of domestic residential mortgages and a diversified agribusiness book. Losses on the residential mortgage book have been consistently low (2bp-3bp of gross loans), and are not expected to rise significantly. Domestic SMEs and the international loan book were affected by the economic crises but the bank took steps to write down international problem loans, although further impairment charges on these portfolios cannot be ruled out. Asset quality has deteriorated but remains healthy (end-2009: impaired loans/total loans of 2.12%, 47% covered by reserves).
- Large volumes of customer deposits and an uninterrupted access to medium- and long-term debt make Rabobank's funding base stable. Its liquidity buffer is ample and consists largely of repo-able securities.

Support

- Given Rabobank's large size and importance to the Dutch banking system, Fitch Ratings considers that, if need be, there would be an extremely high probability that the Dutch authorities would provide support.

Key Rating Drivers

- Pressures on Rabobank's Long-Term IDR would arise from a sharp deterioration in the Dutch housing and mortgage market or from additional deterioration of its international exposures.

Profile

Rabobank, the second-largest Dutch banking group by total assets has about 40% of domestic savings. It consists of 147 local cooperative banks operating through Rabobank Nederland (Rned), the system's central bank, and a number of subsidiaries. Under a cross-guarantee, the local banks, Rned and certain subsidiaries assume joint and several liability for one another.

- Market leader in the Netherlands in savings (40% market share), mortgages (30%), SME (41%) and agricultural lending (84%)
- Aims to further strengthen its global position as a leading food and agribusiness bank

Profile

RNed is owned by individual local cooperative Rabobanks, which are, in turn, “owned” by their 1.8 million members. As the local Rabobanks are not allowed to access the financial markets directly by themselves, 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 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 equity of each Rabobank consists of retained earnings and revaluation reserves. By-laws do not permit the distribution of retained earnings to members but Rabobank distributes a significant portion of its earnings to charitable/community causes annually. Since 2000, Rabobank has 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”. Rabobank pays a dividend on these certificates.

The group’s goal is to be the leader in the domestic market in all of its business areas but not to take undue risk. Following the turbulence in the financial markets since 2007, the bank has decided to focus more closely on domestic business (it is the clear leader in mass-market banking services for private individuals and SMEs), as well as food and agriculture clients nationally and internationally. It has also decided to scale down its service provision to non-core clients. The group has set itself a maximum target of 25% of assets to be invested abroad.

Cross-Guarantee

In 1980, all the Rabobanks’ retail constituents and certain wholesale subsidiaries decided to assume joint and several liabilities for one another. 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 regarded by DNB as being legal, valid and binding, and has never needed to be used. Nonetheless, RNed regularly supports individual banks which amass large impairments and need capital injections from the rest of the group.

Rabobank provides all the services of a universal bank. Its distinctive character derives from its cooperative structure, which favours long-term and low-risk business. The group has five business lines: domestic retail banking, wholesale and international banking, asset management, leasing and real estate. The contribution of each business area to Rabobank’s revenue and risk is shown in Table 1.

Domestic Retail Banking

Domestic retail banking by the local Rabobanks is the group’s core activity; at end-2009, the bank had a 30% market share of mortgages and 40% share in the Dutch savings market. Moreover, Rabobank has a particular strength in the SME lending segment (defined as lending to companies with fewer than 100 employees), with a market share of 41%. In its core business, of agricultural lending, it had an 84% market share. The domestic retail banking division includes a joint venture Obvion, a mortgage lender that works with independent mortgage brokers, which, however, is becoming of less strategic importance.

Also included in this division is Eureko, in which Rabobank has a 39% stake. Eureko is the Dutch insurance arm of the largest insurance company in the Dutch market. Local Rabobanks, which collectively are the largest insurance broker in the Netherlands, sell a wide range of mostly Eureko insurance products. In early 2009, Rabobank subscribed to EUR400m of Eureko’s increase in equity to maintain its 39%

stake in the insurance group but this has now been repaid and the bank has indicated that it may reduce its stake to release capital.

The results of domestic retail banking have been more stable than those of the other four business lines and remain the major source of consolidated revenue. However, higher loan impairment charges and pressure on margins (caused by fierce competition for savings) resulted in a lower pre-tax profit from this division in 2009 than for 2008. For 2010, pressure on revenue is expected to continue despite an improvement in the cost of funds as only subdued lending growth is predicted and impairment charges will continue to be higher than average. Funding costs on savings deposits have improved from the highs reached in 2009 but nonetheless 2010 will be challenging. The bank's focus is expected to be on strengthening its position in the corporate and private banking market and to increase the provision of services through virtual channels to reduce costs and simplify the product base.

Wholesale Banking and International Retail Banking

This activity consists of Rabobank's wholesale banking operations in the Netherlands and abroad, as well as its international retail banking activities. Rabobank is present in 30 countries outside the Netherlands. These operations are managed by Rabobank International, which is a trading name but not a separate legal entity. In the Netherlands, Rabobank International serves large Dutch corporates and also supports the local Rabobanks in serving their corporate costumers abroad. Rabobank International scaled down its lending to the non-food and agribusiness sector outside the Netherlands in 2009 following some problems experienced in Ireland and the US. It will, however, continue to give priority to existing major agricultural areas in Australia, Brazil, New Zealand, California and Poland (where the bank has held a 59% stake in the specialist agricultural bank, BGZ, since 2007). It also holds the group's minority stakes in rural banks in Tanzania, China, Zambia, Mozambique, Paraguay and Rwanda (total minority equity stakes in rural banks valued on the balance sheet at EUR122m at end-2009). Wholesale banking also includes the global financial markets (GFM) division, which manages the group's short-term liquidity positions. It also structures money-market, bonds and energy products for clients.

The improvements seen in the results of this division for 2009 derive from strong treasury results, cheaper wholesale funding costs and lower impairment charges on structured assets. Risk-weighted assets are lower as a result of the cut-back in overseas lending.

Asset Management, Leasing and Real-Estate Activities

Asset management and leasing activities have seen a significant reduction in profits from previous years, mostly as a result of the decline in performance commissions from asset management as assets are now invested in safer – albeit less remunerative – asset classes. A higher cost of risk in the leasing portfolio reflects

Table 1: Divisional Breakdown

(EUR m)	Total income		Pre-tax profit		Risk-weighted assets (EURbn)		Economic capital (EURbn)	
	2009	2008	2009	2008	2009	2008	2009	2008
Domestic retail banking	6,126	6,154	1,507	1,911	82.8	80.3	7.6	8.7
Wholesale and international banking	3,547	3,529	824	-497	91.4	107.3	7.6	6.2
Asset management	984	1,618	30	563	5.8	3.7	0.8	0.8
Leasing	1,026	1,015	110	301	15.1	14.3	1.1	1.0
Real estate	509	427	90	33	15.1	15.4	1.5	1.6
Other, including equity interests and consolidation	-325	441	43	541	23.2	17.1	3.5	4.0
Total	11,867	13,184^a	2,604	2,852	233.4	238.1	22.0	22.3

^a includes reclassifications by Fitch
Source: Rabobank

the economic downturn. On the other hand, the real-estate activities division was able to report relatively stable results. Asset management is provided mostly by Robeco, which had EUR135bn of assets under management at end-2009, and by the private bank for high-net-worth clients, Bank Sarasin (a small Swiss private bank in which Rabobank acquired 46.1% of the share capital in 2007 with majority voting rights), with EUR63bn of assets under management.

Rabobank's leasing activities are performed in around 30 countries by De Lage Landen, while real-estate activities are performed by Rabobank's real estate division, responsible for the development of residential and commercial properties, property financing and service provisions to property investors, for both retail and corporate clients. It allows the group to convert developments into mortgages financed by the group and increase its cross-selling ratio (currently around two-thirds of housing developments become mortgages at the bank). The real estate division also operates the labels of Bouwfonds and FGH Bank. Besides the Dutch market, it operates mainly in Germany and France. Market conditions for the real estate division remain tough, with growth likely to remain limited in the near term.

Corporate Governance

In 2004, the Dutch government introduced the corporate governance code, devised by the Tabaksblat committee. Rabobank is not subject to this code, as its structure is based on cooperative principles and it is not a listed company. Nevertheless, it is committed to complying with the code where possible. The supervisory role undertaken by Rned over the local Rabobanks includes a rotation of local management and a final say over local appointments. Rned undertakes local detailed supervisory visits to 8-10 banks per year.

Performance

After a 4% drop in GDP in 2009, current Fitch GDP estimates for the Netherlands are: +1.4% for 2010 and +2% for 2011 (see "Sovereign Data Comparator - June 2010", published on 28 June 2010, available on www.fitchratings.com). Initial concerns over high property prices have not materialised, as the decline in real-estate prices was less abrupt than in some other EU property markets. Unemployment is expected to rise from 4.9% in 2009 to about 6.5% in 2011 (the bank's estimate), a percentage which is still relatively low. Given the bank's size and deep-rooted franchise, its performance is very much dependent on a recovery of the economy in the Netherlands and should the Dutch government implement greater spending cuts (as may happen if a new coalition government implements greater austerity measures), this will be reflected in the bank's balance-sheet growth. A mitigating factor is Rabobank's presence overseas (25% of total private-sector lending at end-2009), where growth prospects are more positive.

Ultimately, the highest risk facing Rabobank is declining consumer confidence, which is dampening demand for all banking services (credit, asset management, insurance and securities) and which is likely to make recovery slow, with muted revenue growth. In addition, steps being taken by the bank to improve its solvency and liquidity will add to the slowdown in the growth of its balance sheet and profitability. The bank's ability to continue controlling costs will be a key factor in its profit and internal capital generation.

Overall, the bank's performance remained sound in 2009, despite lower loan growth, tighter interest margins and higher impairment charges. Revenue was helped by an increase in other income (a one-off payment to Eureko from the Polish government relating to the resolution of a long-standing dispute and income from the repurchase of own debt of EUR450m, which is included in non-recurring income in the attached spreadsheets). It was helped by a continued tight control over costs and substantially lower impairment charges on its structured securities, which the bank has classified as loans since 2008 (EUR738m in 2009 compared to EUR1,882m in 2008). Table 1 compares some key performance measures with those of its domestic competitor, ING Bank, as well as with those of Cr dit Agricole, HSBC Bank and

- Sound and consistent profitability, reflecting low-risk strategy and deep-rooted franchise
- Loan impairment charges increased sharply over past two years from a very low base

Table 2: Comparison of Performance Ratios

(%)	Rabobank		ING Bank (‘A+’/‘C’)		CA (‘AA-’/‘B’)		HSBC Bank (‘AA’/‘B’)		Intesa (‘AA-’/‘B’)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Pre-impairment operating ROAA	0.88	0.96	0.62	0.42	0.68	0.40	0.85	0.62	1.17	0.85
Pre-impairment operating ROAE	17.41	19.11	20.69	19.22	16.92	9.93	30.95	20.87	14.35	10.21
Operating ROAE	6.95	8.53	4.60	3.34	7.65	3.00	15.99	12.47	6.71	3.38
Operating ROAA	0.35	0.43	0.14	0.07	0.31	0.12	0.44	0.37	0.55	0.28
Net interest revenue/av. earning assets	1.40	1.54	1.44	1.15	1.41	1.29	1.05	0.81	1.59	3.08
Non-interest expenses/gross revenue income	58.51	57.73	62.82	69.64	62.42	75.39	54.13	63.76	60.58	71.43
Tier 1 ratio	13.80	12.75	10.23	7.50	9.72	8.40	11.20	6.80	8.40	7.10
Tangible common equity/tangible assets	4.48	4.05	3.27	1.88	2.57	2.16	2.09	0.78	4.58	3.76
Credit impairment charges/pre-impairment operating profit	60.10	55.36	77.78	82.64	54.78	69.77	48.32	40.23	53.24	66.84
Eligible capital	28,390	23,921	33,257		39,652				28,582	

Source: bank annual reports, reclassified by Fitch

Intesa Sanpaolo, all highly-rated, similarly-sized peers. Rabobank’s returns on equity are dampened by a high proportion of equity to assets.

Operating Revenue

Net interest income is the main driver of total operating revenue. It fell in 2009 by 6%, after having risen significantly in 2008 (+26% yoy). This is the result of very limited loan volume growth combined with pressure on savings margins from strong competition for this funding source in the Netherlands. Despite easing pressures from wholesale funding costs, net interest costs overall remained higher than one would have expected from the falling euro rates, and spreads narrowed. The bank is slowly increasing margins on new loan business and competition for saving deposits has eased off, with a resulting reduction in the cost of these funds. Furthermore, the bank was able to meet its wholesale funding needs in the first part of 2010 when margins were lower than in 2009. As a result, spreads widened in H110. Nonetheless, the low interest-rate scenario is expected to maintain pressure on the bank’s overall net interest margin.

Fees and commissions suffered from lower performance-related fees from the asset management business, despite a recovery in funds and new inflows. Furthermore, the past two years have been difficult for insurance companies, which suffered less activity and value decline in their investments. However, the bank’s asset management subsidiary Robeco has a strong position in the market (35% market share) and developments relating to pension funds may result in new inflows of pension contracts in next few years. Furthermore, Eureko’s products are still well liked by consumers and commission income from the sale of insurance products through the branch network was stable.

The “Net Gains (Losses) on Trading and Derivatives” line in the attached spreadsheet includes a small amount of proprietary trading income and income from GFM. However, a major factor in the increase in the bank’s operating profits for 2009 is the equity-accounted profits of Eureko, included in line 19 “Equity-accounted Profit/loss- operating”, which received a settlement from the Polish state and contributed the majority of this income statement line in 2009.

Non-Interest Expenses

In recent years, Rabobank has been actively implementing measures to improve its cost efficiency which is weighed down by an extensive branch network. It has significantly reduced the number of local banks and domestic offices (2009: 1,010; 2005: 1,249) and subsidiaries have been streamlined. Furthermore, in 2009 it was able to release a portion of pension provisions because of strong performance of its pension fund. Overall, efficiency has been improving, with a steady decrease in the cost/income ratio. 2009 figures include one-off expenses relating to the collapse of DSB Bank, as Rabobank had to contribute a high share of the costs, reflecting its deposit market share.

Table 3: Breakdown of Net Fees and Commission Income

(EURm)	2009	2008
Asset Management	674	1,008
Insurance	377	423
Securities business	307	297
Payment services	484	596
Lending	361	284
Other	372	281
Net Fees and Commissions	2,575	2,889

Source: Rabobank

Loan impairment charges increased materially in 2009, after having risen in 2008, reflecting the asset quality deterioration stemming from the recessionary environment globally. The increase was seen across the group, with deteriorations in the local Rabobanks' SME portfolios, by Rabobank International and De Lage Landen. The Irish portfolio again underwent significant deterioration in 2009 after the large losses seen in 2008 (in all, EUR1.2bn impairment charges were made over three years, including a small part in 2010) and the deterioration in the US housing and corporate markets again impinged results in 2009 after the impairments seen in 2008. On the other hand, domestic mortgages continue to perform well, with impairment charges/gross loans averaging 2bp-3bp. In the first half of 2010 impairment charges are expected to be substantially lower than for 2009 and are composed of a high number of small exposures, with no particular sector or name concentrations.

The bank took an additional hit of EUR1.285bn against its structured credit portfolio in 2009, bringing the total valuation adjustments made against its structured credit over the three years from 2007 to EUR3.6bn. Non-recurring income in 2009 relates to the purchase of own debt. In 2008, it relates to the gain from the sale of its online broker, Alex.

Risk Management

The group pursues a prudent risk policy, leading to a moderate risk profile. Rabobank's executive board is responsible for managing risk associated with its activities; it determines the risk strategy, policy principles and limits. The supervisory board regularly reviews the risk exposure of Rabobank's activities and portfolio. The DNB has granted approval for Rabobank to use the advanced internal ratings-based approach to measure credit risk and the advanced measurement approach for operational risk. For market risk in the trading books, a self-developed and DNB-approved risk model is used.

Credit Risk

Customer Exposure and Off-Balance-Sheet Commitments

Credit risk accounted for 65% of economic capital at end-2009, a relatively low level, reflecting a combination of the relatively low risk of its loan exposures and the high level of collateral backing the loan book. Difficult economic conditions – both domestic and international – resulted in muted loan growth in 2009 (+2%) compared to the relatively fast growth seen in 2008. The loan book remains highly fragmented, with the 20 largest outstanding non-bank risk exposures accounting for just 1.5% of total on- and off-balance-sheet risk at end-2009.

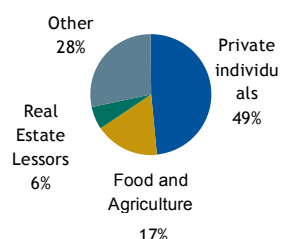
Around three-quarters of the private sector loan book was extended in the Netherlands, with the balance distributed in the rest of Europe (9%), North America (11%), Australia and New Zealand (4%) and various other countries (1%). Total exposure to Latin America and Asia amounted to EUR14bn at end-2009, although Brazil is an area that has been targeted for expansion in the agricultural sector. Around EUR5.1bn relates to Ireland, extended through its Irish subsidiary, ACCBank, a figure substantially lower than in previous years following a total review of the portfolio (see *Asset Quality*, below).

The chart opposite provides a breakdown of the group's loan portfolio at end-2009. Lending to private individuals is composed almost entirely of residential mortgage loans (EUR200bn; average LTV ratio: 60%). Mortgages also secure a further EUR89bn of loans to the SMEs sector. The category "other" includes loans to the financial and insurance (EUR25bn), wholesale (EUR15bn), transportation and warehousing (EUR8bn) and construction (EUR9bn) sectors. The construction sector in the Netherlands has not witnessed any major domestic defaults – unlike in other countries. The balance was diversified among all sectors and widely fragmented among SMEs. Food and agricultural loans – a traditional area of expertise – were evenly spread between domestic and international borrowers.

- Cautious attitude to all forms of risk. More than 60% of loans are secured by mortgages
- Increased problem loans, but asset quality ratios remain healthy
- Significant impairments on the international investment portfolio

Breakdown of 2009 Loans

Total EUR:415.7bn



Source: Rabobank

Asset Quality

Rabobank's impaired loans rose significantly in 2009, reflecting the negative economic conditions worldwide. However, asset quality remains good as shown in Table 4, which compares the level of impaired loans at the bank with those of the previous year and with those of a number of domestic and international peers. Impaired loans are expected to rise as the economic recession continues, but should remain manageable, given their presently low level, the significant proportion of mortgages and the good diversification of the rest of the book.

At end-2009, about 45% of total impaired loans related to retail banking, mostly from the branch network (2008: 21%). These were 47% covered by reserves. A further 34% related to the bank's banking operations abroad, mostly relating to ACCBank in Ireland. Impaired loans from the leasing operations of De Lage Landen rose substantially in 2009 to account for 11% of total impaired lending (2008: 6%) with the balance of 10% split between domestic wholesale banking (4%), FHG bank (real estate, 4%) and other (2%).

Table 4: Asset Quality

	Rabobank		ING (‘A+’/‘C’)		CA (‘AA-’/‘B’)		HSBC Bank (‘AA’/‘B’)		Intesa (‘AA-’/‘B’)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Impaired loans/gross loans	2.12	1.53	2.15	1.43	3.38	2.98	2.35	1.23	7.54	4.91
Reserves for impaired loans ^a / impaired loans	47.33	47.62	36.33	29.40	93.15	89.55	55.04	67.59	55.79	67.59
Loan impairment charges/ average gross loans	0.45	0.30	0.52	0.22	0.82	0.67	1.17	0.71	0.93	0.69
Impaired loans less reserves for imp. loans/equity	15.34	11.50	24.44	25.15	2.26	3.24	11.00	6.35	24.20	12.99

^a annual reports, reclassified by Fitch
Source: banks

The overall coverage ratio is weaker than in other west-European banks but the level of collateral backing these loans is high. Furthermore the bank has a very prudent classification procedure whereby loans are classified as impaired very quickly.

Other Credit and Counterparty Risk

Apart from the loan book, Rabobank has some credit risk in its debt securities portfolio, its derivatives, loans and advances to banks and equity investments. Interbank exposure is to large highly rated Dutch and international financial institutions. The bank tends to lend on the interbank market on a secured basis. Excess liquidity is generally placed with the ECB.

Around a third of the group's fixed-income investments (EUR50bn at end-2009) are invested in government debt. The credit exposure of the structured finance portfolio net of valuation adjustment was reduced to EUR8bn at end-2009 and despite some migration to lower rating categories over the year it remains highly rated (71% in the 'AAA' category and 7% below 'A'). The additional rating downgrades of monoline insurers did not affect the bank greatly in 2009 but the bank is still exposed to speculative-grade monoline insurers for a nominal amount of EUR3.8bn net of provisions. Counterparty risk exposure net of provisions guaranteed by monoliners was only EUR183m. In addition, the bank recognises its ABCP conduits on-balance-sheet (EUR15.3bn outstanding at end-2009), but they are largely for the refinancing of its own loans as well as those of its clients, rather than for investing in structured finance assets.

The group has substantial derivative instruments both as assets and as liabilities; their value has been very volatile in recent years, reflecting conditions in the markets. Rabobank uses a wide range of derivative products, mostly to hedge its

lending portfolio. It also offers these products to its clients. Its counterparts consist mostly of large international non-bank financial institutions and banks.

Equity investments (line B6 in the attached spreadsheet) include investments in associates of EUR4.1bn at end-2009, mainly in Eureko.

Market Risk

Rabobank 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 revenue. To manage its exposures, Rabobank applies a range of internal limits, and uses simulations to estimate the impact of sudden and severe market movements. Interest rate and market risk accounted for 10% of the group's economic capital at end-2009, around 40% of which related to structural interest-rate risk. Guidelines and limits are established by the executive board upon the recommendation of a balance sheet and risk management committee. The latter is also the group's central assets and liabilities management committee (ALCO) in charge of supervising interest-rate sensitivity and liquidity. At end-2009, management calculated that a 200bp parallel increase/decrease in interest rates over a one-year period would result in a EUR129m increase/a EUR83m decrease in interest income (ranging between 1.6% and 1% of 2009 net interest revenue). This would equate to a 10% decrease/+12% increase in the economic value of equity.

Pure trading risk at Rabobank is limited. The focus is on interest-rate instruments, although it is also engaged in equities, foreign-currency, derivatives trading and credit derivatives. Trading market risk is measured by the bank in terms of value-at-risk (VaR), which is calculated using a 97.5% confidence interval, 12 months of historical data and a one-day holding period. The average VaR during 2009 amounted to EUR32m (2008: EUR52m), which represented only 0.1% of the group's year-end equity and 1.2% of 2009 operating profits.

Funding and Capital

Rabobank is a leader in the Dutch retail market. Deposits accounted for just over half of all funding and just under half of these were obtained from retail customers through the deep-rooted Rabobank network – both locally and overseas. The balance of customer deposits was obtained from corporates. Retail deposits have tended to be relatively stable and rose slightly in 2009 worldwide, despite fierce domestic competition for savings deposits. Competition is expected to remain strong in 2010 but the bank's network places it well to deal with it. Corporate deposits have been a bit more volatile, particularly internationally, rising in 2008 and 2010 but suffering some outflows in 2009.

The treasury department of RabNed manages liquidity for the entire group. Issuance of debt securities under various funding programmes enables the bank to match its asset and liability maturities. Rabobank is one of the few financial institutions that had access to the money and capital markets even in difficult circumstances. In 2009, it raised EUR40bn and in the first half of 2010, EUR26bn, its full funding needs for the year, obtaining an average maturity of just over 5.5 years. The bank tends to issue senior unsecured debt only, as covered bonds are more expensive for it than senior unsecured. Securitisations, which were a funding tool in the past, are now only used for liquidity purposes. Rabobank has not issued under the state-guaranteed issue facility.

The bank's liquidity, which is ample, is supported by its portfolio of high-quality fixed-income securities that can be repo-ed with the European Central Bank. At end-2009, Rabobank had EUR112bn in assets which could be used to generate liquidity immediately (as defined by DNB guidelines) either by immediate sale or by way of discounting with central banks or in repo transactions. This gave the bank an excess of 28% over the minimum regulatory requirements, on average, during 2009. The bank did not make use of the ECB one-year discount window in 2009.

- 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 12.5%

Table 5: Capital Composition

(EURm)	2009
Retained earnings and other reserves	22,868
Member certificates	6,315
Total G1, Equity	29,183
Non-innovative capital instruments	2,158
Innovative capital Instruments	4,415
Hybrids treated as Capital by Fitch	6,182
Hybrids treated as Debt by Fitch	391

Source: Rabobank

Capital

Due to its cooperative structure, Rabobank does not have access to the stock market to raise equity and most of its capital consists of retained earnings. Nevertheless, since 2000, it has been raising a limited amount of 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 Rabobank on a perpetual basis and is not callable by its members. Consequently, it is included in equity under IFRS and is considered core capital by the DNB (see Table 5).

Also included in capital (regulatory and eligible) are various hybrid instruments, which although increasing in volume over the years (in 2009 the bank issued an additional EUR2.7bn of hybrid capital and bought back previously issued trust-preferred securities for an amount of EUR527m), remain acceptable as capital, as they represent just 19% of equity. Fitch has full equity credit to almost all these issues.

The bank issued EUR1.25bn of structured contingent notes in 2010, which are senior notes with a write-down when the group’s defined capital ratio falls below a certain percentage. However, these are expensive and have not yet received approval by the regulator to be classified as regulatory capital.

Overall, Fitch considers Rabobank’s capital ratios to be very strong. Rabobank’s total economic capital for 2009 of EUR22bn applies a confidence interval of 99.99% and, in addition to credit risk, market risk and operational risk, includes interest risk, business risk and insurance risk, and is well below its Tier 1 capital of EUR32.2bn.

Rabobank Group Income Statement

	31 Dec 2009		As % of Earning Assets eport	31 Dec 2008		As % of Earning Assets	31 Dec 2007		31 Dec 2006	
	Year End USDm Unqualified	Year End EURm Unqualified		Year End EURm not seen	Year End EURm not seen		Year End EURm Unqualified	Year End EURm Unqualified	Year End EURm Unqualified	Year End EURm Unqualified
1. Interest Income on Loans	24,724.8	17,163.0	3.01	21,748.0	3.73	n.a.	-	n.a.	-	
2. Other Interest Income	3,749.9	2,603.0	0.46	5,497.0	0.94	29,356.0	5.37	25,059.0	4.67	
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Gross Interest and Dividend Income	28,474.7	19,766.0	3.47	27,245.0	4.67	29,356.0	5.37	25,059.0	4.67	
5. Interest Expense on Customer Deposits	8,849.5	6,143.0	1.08	9,959.0	1.71	n.a.	-	n.a.	-	
6. Other Interest Expense	8,034.2	5,577.0	0.98	8,769.0	1.50	22,585.0	4.13	18,587.0	3.47	
7. Total Interest Expense	16,883.7	11,720.0	2.06	18,728.0	3.21	22,585.0	4.13	18,587.0	3.47	
8. Net Interest Income	11,591.0	8,046.0	1.41	8,517.0	1.46	6,771.0	1.24	6,472.0	1.21	
9. Net Gains (Losses) on Trading and Derivatives	118.1	82.0	0.01	727.0	0.12	n.a.	-	n.a.	-	
10. Net Gains (Losses) on Other Securities	198.8	138.0	0.02	-51.0	-0.01	64.0	0.01	7.0	0.00	
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	-38.0	-0.01	246.0	0.05	
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
13. Net Fees and Commissions	3,709.5	2,575.0	0.45	2,889.0	0.50	2,857.0	0.52	2,296.0	0.43	
14. Other Operating Income	1,068.9	742.0	0.13	1,102.0	0.19	1,092.0	0.20	472.0	0.09	
15. Total Non-Interest Operating Income	5,095.4	3,537.0	0.62	4,667.0	0.80	3,975.0	0.73	3,021.0	0.56	
16. Personnel Expenses	5,573.6	3,869.0	0.68	4,290.0	0.74	4,445.0	0.81	4,117.0	0.77	
17. Other Operating Expenses	4,189.2	2,908.0	0.51	3,321.0	0.57	3,264.0	0.60	2,770.0	0.52	
18. Total Non-Interest Expenses	9,762.9	6,777.0	1.19	7,611.0	1.31	7,709.0	1.41	6,887.0	1.28	
19. Equity-accounted Profit/ Loss - Operating	852.8	592.0	0.10	-26.0	0.00	523.0	0.10	556.0	0.10	
20. Pre-Impairment Operating Profit	7,776.3	5,398.0	0.95	5,547.0	0.95	3,560.0	0.65	3,162.0	0.59	
21. Loan Impairment Charge	2,822.1	1,959.0	0.34	1,189.0	0.20	265.0	0.05	450.0	0.08	
22. Securities and Other Credit Impairment Charges	1,851.2	1,285.0	0.23	1,882.0	0.32	477.0	0.09	n.a.	-	
23. Operating Profit	3,103.0	2,154.0	0.38	2,476.0	0.42	2,818.0	0.52	2,712.0	0.51	
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
25. Non-recurring Income	648.3	450.0	0.08	376.0	0.06	230.0	0.04	n.a.	-	
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
29. Pre-tax Profit	3,751.3	2,604.0	0.46	2,852.0	0.49	3,048.0	0.56	2,712.0	0.51	
30. Tax expense	455.2	316.0	0.06	98.0	0.02	386.0	0.07	367.0	0.07	
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
32. Net Income	3,296.1	2,288.0	0.40	2,754.0	0.47	2,662.0	0.49	2,345.0	0.44	
33. Change in Value of AFS Investments	763.5	530.0	0.09	-1,387.0	-0.24	276.0	0.05	29.0	0.01	
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
35. Currency Translation Differences	64.8	45.0	0.01	127.0	0.02	-205.0	-0.04	-15.0	0.00	
36. Remaining OCI Gains/ (losses)	-41.8	-29.0	-0.01	-1.0	0.00	70.0	0.01	94.0	0.02	
37. Fitch Comprehensive Income	4,082.6	2,834.0	0.50	1,493.0	0.26	2,803.0	0.51	2,453.0	0.46	
38. Memo: Profit Allocation to Non-controlling Interests	157.0	109.0	0.02	155.0	0.03	303.0	0.06	201.0	0.04	
39. Memo: Net Income after Allocation to Non-controlling Interests	3,139.0	2,179.0	0.38	2,599.0	0.45	2,359.0	0.43	2,144.0	0.40	
40. Memo: Common Dividends Relating to the Period	458.1	318.0	0.06	316.0	0.05	299.0	0.05	300.0	0.06	
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	

Exchange rate

USD1 = EUR0.69416

USD1 = EUR0.71855

USD1 = EUR0.67930

USD1 = EUR0.75930

Rabobank Group Balance Sheet

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	289,977.8	201,291.0	33.12	192,675.0	31.48	243,636.0	42.71	221,037.0	39.72
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	209,775.8	145,618.0	23.96	152,424.0	24.90	n.a.	-	n.a.	-
5. Other Loans	131,612.3	91,360.0	15.03	84,314.0	13.77	131,614.0	23.07	136,136.0	24.46
6. Less: Reserves for Impaired Loans/ NPLs	6,337.2	4,399.0	0.72	3,130.0	0.51	2,282.0	0.40	2,249.0	0.40
7. Net Loans	625,028.8	433,870.0	71.40	426,283.0	69.64	372,968.0	65.38	354,924.0	63.78
8. Gross Loans	631,366.0	438,269.0	72.12	429,413.0	70.15	375,250.0	65.78	357,173.0	64.19
9. Memo: Impaired Loans included above	13,388.8	9,294.0	1.53	6,573.0	1.07	4,198.0	0.74	4,355.0	0.78
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	51,344.1	35,641.0	5.86	33,776.0	5.52	43,218.0	7.58	49,086.0	8.82
2. Trading Securities and at FV through Income	31,524.4	21,883.0	3.60	19,472.0	3.18	29,179.0	5.11	36,789.0	6.61
3. Derivatives	56,314.1	39,091.0	6.43	66,759.0	10.91	26,089.0	4.57	18,992.0	3.41
4. Available for Sale Securities	48,042.2	33,349.0	5.49	31,665.0	5.17	68,488.0	12.00	70,429.0	12.66
5. Held to Maturity Securities	602.2	418.0	0.07	497.0	0.08	859.0	0.15	1,489.0	0.27
6. At-equity Investments in Associates	5,843.0	4,056.0	0.67	3,455.0	0.56	4,558.0	0.80	3,250.0	0.58
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	142,326.0	98,797.0	16.26	121,848.0	19.91	129,173.0	22.64	130,949.0	23.53
9. Memo: Government Securities included Above	24,163.0	16,773.0	2.76	21,926.0	3.58	30,310.0	5.31	33,928.0	6.10
10. Investments in Property	1,963.5	1,363.0	0.22	1,038.0	0.17	1,105.0	0.19	1,338.0	0.24
11. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Total Earning Assets	820,662.4	569,671.0	93.74	582,945.0	95.23	546,464.0	95.79	536,297.0	96.38
C. Non-Earning Assets									
1. Cash and Due From Banks	23,863.4	16,565.0	2.73	7,105.0	1.16	2,129.0	0.37	1,630.0	0.29
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	234.0	0.04	204.0	0.04	n.a.	-
4. Fixed Assets	8,822.2	6,124.0	1.01	5,870.0	0.96	5,572.0	0.98	5,022.0	0.90
5. Goodwill	3,404.1	2,363.0	0.39	2,408.0	0.39	2,046.0	0.36	1,056.0	0.19
6. Other Intangibles	1,977.9	1,373.0	0.23	1,320.0	0.22	1,137.0	0.20	788.0	0.14
7. Current Tax Assets	345.7	240.0	0.04	298.0	0.05	419.0	0.07	176.0	0.03
8. Deferred Tax Assets	1,691.3	1,174.0	0.19	1,619.0	0.26	1,577.0	0.28	1,477.0	0.27
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	14,676.7	10,188.0	1.68	10,321.0	1.69	10,955.0	1.92	10,009.0	1.80
11. Total Assets	875,443.7	607,698.0	100.00	612,120.0	100.00	570,503.0	100.00	556,455.0	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	168,647.0	117,068.0	19.26	107,980.0	17.64	93,296.0	16.35	99,071.0	17.80
2. Customer Deposits - Savings	174,848.7	121,373.0	19.97	114,680.0	18.73	101,175.0	17.73	89,500.0	16.08
3. Customer Deposits - Term	68,999.9	47,897.0	7.88	58,554.0	9.57	55,044.0	9.65	46,346.0	8.33
4. Total Customer Deposits	412,495.7	286,338.0	47.12	281,214.0	45.94	249,515.0	43.74	234,917.0	42.22
5. Deposits from Banks	32,311.0	22,429.0	3.69	46,891.0	7.66	73,428.0	12.87	94,626.0	17.01
6. Other Deposits and Short-term Borrowings	112,170.1	77,864.0	12.81	55,349.0	9.04	56,968.0	9.99	58,826.0	10.57
7. Total Deposits, Money Market and Short-term Funding	556,976.8	386,631.0	63.62	383,454.0	62.64	379,911.0	66.59	388,369.0	69.79
8. Senior Debt Maturing after 1 Year	175,678.5	121,949.0	20.07	130,760.0	21.36	112,147.0	19.66	95,510.0	17.16
9. Subordinated Borrowing	2,839.4	1,971.0	0.32	902.0	0.15	1,105.0	0.19	1,121.0	0.20
10. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Total Long Term Funding	178,517.9	123,920.0	20.39	131,662.0	21.51	113,252.0	19.85	96,631.0	17.37
12. Derivatives	14,643.6	10,165.0	1.67	36,985.0	6.04	26,095.0	4.57	22,368.0	4.02
13. Trading Liabilities	55,606.8	38,600.0	6.35	15,448.0	2.52	5,002.0	0.88	4,326.0	0.78
14. Total Funding	805,745.1	559,316.0	92.04	567,549.0	92.72	524,260.0	91.89	511,694.0	91.96
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	-1,068.9	-742.0	-0.12	-736.0	-0.12	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	2,297.7	1,595.0	0.26	1,246.0	0.20	2,108.0	0.37	2,398.0	0.43
4. Current Tax Liabilities	674.2	468.0	0.08	227.0	0.04	202.0	0.04	172.0	0.03
5. Deferred Tax Liabilities	704.4	489.0	0.08	474.0	0.08	851.0	0.15	836.0	0.15
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	11,644.3	8,083.0	1.33	8,644.0	1.41	10,518.0	1.84	10,649.0	1.91
10. Total Liabilities	819,996.8	569,209.0	93.67	577,404.0	94.33	537,939.0	94.29	525,749.0	94.48
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	563.3	391.0	0.06	1,257.0	0.21	1,189.0	0.21	1,329.0	0.24
2. Pref. Shares and Hybrid Capital accounted for as Equity	8,905.7	6,182.0	1.02	3,510.0	0.57	2,779.0	0.49	1,959.0	0.35
G. Equity									
1. Common Equity	42,040.7	29,183.0	4.80	27,540.0	4.50	25,356.0	4.44	22,863.0	4.11
2. Non-controlling Interest	4,931.1	3,423.0	0.56	3,639.0	0.59	2,713.0	0.48	4,184.0	0.75
3. Securities Revaluation Reserves	-530.1	-368.0	-0.06	-898.0	-0.15	489.0	0.09	213.0	0.04
4. Foreign Exchange Revaluation Reserves	-603.6	-419.0	-0.07	-464.0	-0.08	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	139.7	97.0	0.02	132.0	0.02	38.0	0.01	158.0	0.03
6. Total Equity	45,977.9	31,916.0	5.25	29,949.0	4.89	28,596.0	5.01	27,418.0	4.93
7. Total Liabilities and Equity	875,443.7	607,698.0	100.00	612,120.0	100.00	570,503.0	100.00	556,455.0	100.00
8. Memo: Fitch Core Capital	31,992.6	22,208.0	3.65	20,411.0	3.33	n.a.	-	n.a.	-
9. Memo: Fitch Eligible Capital	40,898.4	28,390.0	4.67	23,921.0	3.91	n.a.	-	n.a.	-

Exchange rate

USD1 = EURO.69416

USD1 = EURO.71855

USD1 = EURO.67930

USD1 = EURO.75930

Rabobank Group Summary Analytics

	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.94	5.50	n.a.	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	2.16	3.79	n.a.	n.a.
3. Interest Income/ Average Earning Assets	3.43	4.93	5.34	4.90
4. Interest Expense/ Average Interest-bearing Liabilities	2.08	3.50	4.28	3.81
5. Net Interest Income/ Average Earning Assets	1.40	1.54	1.23	1.26
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.06	1.33	1.18	1.18
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.40	1.54	1.23	1.26
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	30.54	35.40	36.99	31.82
2. Non-Interest Expense/ Gross Revenues	58.51	57.73	71.74	72.55
3. Non-Interest Expense/ Average Assets	1.11	1.31	1.35	1.30
4. Pre-impairment Op. Profit/ Average Equity	17.41	19.11	12.75	12.42
5. Pre-impairment Op. Profit/ Average Total Assets	0.88	0.96	0.62	0.60
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	60.10	55.36	20.84	14.23
7. Operating Profit/ Average Equity	6.95	8.53	10.09	10.65
8. Operating Profit/ Average Total Assets	0.35	0.43	0.49	0.51
9. Taxes/ Pre-tax Profit	12.14	3.44	12.66	13.53
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.31	2.33	1.34	1.28
11. Operating Profit / Risk Weighted Assets	0.92	1.04	1.06	1.10
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	7.38	9.49	9.53	9.21
2. Net Income/ Average Total Assets	0.37	0.48	0.46	0.44
3. Fitch Comprehensive Income/ Average Total Equity	9.14	5.14	10.04	9.64
4. Fitch Comprehensive Income/ Average Total Assets	0.46	0.26	0.49	0.46
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.98	1.16	1.00	0.95
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.21	0.63	1.05	0.99
D. Capitalization				
1. Fitch Eligible Capital/ Fitch Adjusted Weighted Risks	12.17	10.05	n.a.	n.a.
2. Tangible Common Equity/ Tangible Assets	4.48	4.05	4.21	4.36
3. Tangible Common Equity/ Total Business Volume	4.14	3.76	3.86	4.00
4. Tier 1 Regulatory Capital Ratio	13.80	12.75	10.70	10.70
5. Total Regulatory Capital Ratio	14.10	12.98	10.90	11.00
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	88.20	78.80	n.a.	n.a.
7. Equity/ Total Assets	5.25	4.89	5.01	4.93
8. Cash Dividends Paid & Declared/ Net Income	13.90	11.47	11.23	12.79
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	11.22	21.17	10.67	12.23
10. Net Income - Cash Dividends/ Total Equity	6.17	8.14	8.26	7.46
E. Loan Quality				
1. Growth of Total Assets	-0.72	7.29	2.52	9.85
2. Growth of Gross Loans	2.06	14.43	5.06	16.42
3. Impaired Loans(NPLs)/ Gross Loans	2.12	1.53	1.12	1.22
4. Reserves for Impaired Loans/ Gross loans	1.00	0.73	0.61	0.63
5. Reserves for Impaired Loans/ Impaired Loans	47.33	47.62	54.36	51.64
6. Impaired Loans less Reserves for Imp Loans/ Equity	15.34	11.50	6.70	7.68
7. Loan Impairment Charges/ Average Gross Loans	0.45	0.30	0.07	0.14
8. Net Charge-offs/ Average Gross Loans	0.18	0.11	0.08	0.16
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.12	1.58	1.17	1.22
F. Funding				
1. Loans/ Customer Deposits	153.06	152.70	150.39	152.04
2. Interbank Assets/ Interbank Liabilities	158.91	72.03	58.86	51.87

Rabobank Group Reference Data

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	14,574.4	10,117.0	1.66	9,515.0	1.55	8,992.0	1.58	6,677.0	1.20
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	43,822.7	30,420.0	5.01	31,388.0	5.13	36,323.0	6.37	37,890.0	6.81
6. Other Contingent Liabilities	5,945.3	4,127.0	0.68	1,748.0	0.29	2,423.0	0.42	1,390.0	0.25
7. Total Business Volume	939,786.2	652,362.0	107.35	654,771.0	106.97	618,241.0	108.37	602,412.0	108.26
8. Memo: Total Weighted Risks	336,193.4	233,372.0	38.40	238,080.0	38.89	266,573.0	46.73	247,458.0	44.47
9. Fitch Adjustments to Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	336,193.4	233,372.0	38.40	238,080.0	38.89	266,573.0	46.73	247,458.0	44.47
B. Average Balance Sheet									
Average Loans	627,988.2	435,924.3	71.73	395,204.5	64.56	366,080.0	64.17	326,289.7	58.64
Average Earning Assets	830,174.6	576,274.0	94.83	552,988.5	90.34	549,708.0	96.35	511,630.3	91.94
Average Assets	881,246.8	611,726.3	100.66	579,519.8	94.67	572,877.3	100.42	528,165.0	94.92
Average Managed Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	812,527.4	564,024.0	92.81	534,337.3	87.29	527,178.0	92.41	487,828.7	87.67
Average Common equity	40,969.4	28,439.3	4.68	26,346.8	4.30	23,987.3	4.20	21,843.3	3.93
Average Equity	44,677.5	31,013.3	5.10	29,032.8	4.74	27,921.7	4.89	25,456.3	4.57
Average Customer Deposits	409,348.4	284,153.3	46.76	262,445.8	42.87	238,062.7	41.73	205,759.3	36.98
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	54,608.0	9.57	43,726.0	7.86
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	27,711.2	19,236.0	3.17	16,203.0	2.65	n.a.	-	n.a.	-
Interbank 3 - 12 Months	2,640.6	1,833.0	0.30	2,229.0	0.36	n.a.	-	n.a.	-
Interbank 1 - 5 Years	2,993.5	2,078.0	0.34	3,124.0	0.51	n.a.	-	n.a.	-
Interbank > 5 Years	1,576.0	1,094.0	0.18	1,051.0	0.17	n.a.	-	n.a.	-
Senior debt Maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior debt Maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	175,678.5	121,949.0	20.07	130,760.0	21.36	112,147.0	19.66	95,510.0	17.16
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt maturing > 1 year	2,839.4	1,971.0	0.32	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	2,839.4	1,971.0	0.32	902.0	0.15	1,105.0	0.19	1,121.0	0.20
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation									
1. Equity	45,977.9	31,916.0	5.25	29,949.0	4.89	28,596.0	5.01	27,418.0	4.93
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	8,905.7	6,182.0	1.02	3,510.0	0.57	2,779.0	0.49	1,959.0	0.35
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	45,977.9	31,916.0	5.25	29,949.0	4.89	28,596.0	5.01	27,418.0	4.93
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	-1,068.9	-742.0	-0.12	-736.0	-0.12	n.a.	-	n.a.	-
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Goodwill	3,404.1	2,363.0	0.39	2,408.0	0.39	2,046.0	0.36	1,056.0	0.19
5. Other intangibles	1,977.9	1,373.0	0.23	1,320.0	0.22	1,137.0	0.20	788.0	0.14
6. Deferred tax assets deduction	1,691.3	1,174.0	0.19	1,619.0	0.26	1,577.0	0.28	1,477.0	0.27
7. Net asset value of insurance subsidiaries	5,843.0	4,056.0	0.67	3,455.0	0.56	n.a.	-	n.a.	-
8. Embedded value of insurance business	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
9. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
10. Fitch Core Capital	31,992.6	22,208.0	3.65	20,411.0	3.33	n.a.	-	n.a.	-
11. Eligible weighted Hybrid capital	8,905.7	6,182.0	1.02	3,510.0	0.57	2,686.0	0.47	2,958.0	0.53
12. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
13. Fitch Eligible Capital	40,898.4	28,390.0	4.67	23,921.0	3.91	n.a.	-	n.a.	-
14. Eligible Hybrid Capital Limit	13,711.1	9,517.7	1.57	8,747.5	1.43	n.a.	-	n.a.	-
Exchange Rate	USD1 = EUR0.69416			USD1 = EUR0.71855		USD1 = EUR0.67930		USD1 = EUR0.75930	

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