07

Robeco Direct N.V.

Annual Report

Financial Statements 2007

ROBECO

The Investment Engineers

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In the shareholders meeting of 17th January 2005 it has been decided that the language of the annual report is English

General information

Supervisory Board Robeco Direct N.V.

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Management Board Robeco Direct N.V.

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Report of the Supervisory Board

We herewith present the Robeco Direct N.V. financial statements for the financial year 2007 together with the report of the Management Board.

We have taken note of the contents of the auditor's report presented by Ernst & Young Accountants, which have given an unqualified opinion on the annual financial statements as presented, and recommend approval thereof. We concur with the Management Board's proposal to distribute the 2007 profit to the shareholder.

Rotterdam, 30 May 2007
On behalf of the supervisory board of Robeco Direct N.V.

George A. Möller, chairman

Report of the Management Board

General

We are pleased to present the annual report of the financial year 2007 of Robeco Direct. The financial statements have been prepared in accordance with the International Financial Reporting Standards for the first time.

The mission of the bank is to be the provider of financial products and services enabling to create 'customer success' for its retail clientele. The bank positions itself as an online financial fund coach providing tailor-made advice to its clients and offering creative financial solutions at low cost to achieve optimal results while experiencing an excellent service.

Furthermore the bank employs its banking infrastructure to invest the entrusted savings and to support other entities of the Robeco Group.

The international financial industry has experienced extraordinary turbulence and uncertainties. A low interest rate environment coupled with an abundance of liquidity and an increased risk appetite has led to financial difficulties for borrowers, lenders and intermediaries alike. On top of the international developments, the Dutch financial community has also been subject to its own local changes. Specifically, as of January 2007 the new, more comprehensive guarantee framework for deposit accountholders came into effect. This new regime, which replaces the old collective guarantee arrangement, named "Collectieve Garantieregeling", has drawn significant attention by consumer interest groups, creating a new competitive environment where lesser known banks enjoy the increased comfort from deposit holders.

Clients often lured by attractive propositions are experiencing fewer barriers to enter into a banking relationship with the new entrants in the Dutch retail savings market.

A coinciding development has been the emergence of fixed term saving deposits for retail clients with a growth of 177 percent in this market in 2007 growing from EUR 22 billion to EUR 61 billion. A further growth in this product is anticipated.

Finally, the prominent theme in 2007 has been the unprecedented takeover activity in the Dutch banking sector, which has made people reconsider the allocation of their assets.

As shown in the table below Dutch households continued to see their total savings increase. Despite the new market dynamics, the bank was able to defend its share of the market.

Saving deposits in the Netherlands
(EUR X billion)

2001	2002	2003	2004	2005	2006	2007
153	168	185	200	210	222	237

Source: CBS

Key figures

Operating results

Returns on the investment portfolio exceeded expectations, predominantly due to improved reinvestment opportunities during the second half of the year. This coincided with the launch of Roparco Unlimited, the newest savings proposition of the bank that has attracted a wide audience and cash inflow.
Interest margins from the traditional banking activity were, notwithstanding increased competition in the market for savings products, slightly better than budgeted.

Fee and commission income improved somewhat compared to last year. The favorable equity market conditions resulted into an increased management fee income.
Conditions for structuring innovative products were particularly harsh in 2007. Nevertheless, the structuring department of the bank was able to launch several successful products, predominantly geared towards genuine sustainable product solutions. The unlisted fund Robeco Clean Tech Private Equity II was well received by the institutional clients. Via the Robeco Clean Tech Certificate, Robeco Direct also enabled retail investors to enrich their portfolio.
The Private equity funds are often the first investors in companies active in the clean tech solutions. Creative structuring enables the clients to benefit in full from developments in this fast growing segment.

The Dutch residential mortgage market continued to be an area of fierce competition. In spite of increased funding costs, home-owners kept their bargaining power, further reducing bank margins and triggering the exit of various, mainly foreign market participants. Robeco Direct meanwhile kept its share of the market.
Sales of insurance products, predominantly via Banque Robeco, our French subsidiary, improved: insurance fees increased by 10 percent to EUR 3.9 million. The operating expenses increased by EUR 7 million due to strategic projects initiated in 2006, focusing on the redesign of various business processes in order to meet our long term strategic objectives.

Overall the profit for the year improved by approximately 10 percent to EUR 50.3 million.

Composition of the balance sheet

Saving deposits available on demand, the funds entrusted by retail clients, increased by 7.5 percent to more than EUR 5 billion.
In May the bank introduced Roparco Unlimited, the answer of Robeco Direct to the increased demand for a high yielding 'on demand' savings proposition. Retail clients actively switched into this product, encouraged by the attractive yield and the premium attached. The persistent uncertainty in the various financial markets contributed to this success. In the fourth quarter fixed term deposits were introduced.
The investment books have been adjusted to the dynamics of the financial markets and the composition of the entrusted savings.

Capital base

At year end the total equity amounted to EUR 400.3 million. The BIS ratio, the bank's solvency ratio, as reported to the Dutch Cental Bank was 13.0%, well in excess of the minimum required statutory norm of 8% as set by the Dutch Central Bank, De Nederlandsche Bank N.V.

Strategy

Robeco Direct continued strengthening its proposition "Younique, Financieel maatwerk volgens Robeco" in the Netherlands. The first visible step of this service concept entailed the abolishing of all transaction costs for online buying and selling of Robeco investment funds. Every investment advice is therefore impartial and not aimed at revenue generating. The first priority is to increase customer's investment returns. By the abolishment of transaction costs the hurdle to adhere to the advice is taken away completely. A next layer of the proposition is that, with "Younique", a bespoke investment advice is made available to affluent individuals. In short Younique stands for:

- Investment specialist
- Tailor made advice
- Online convenience and low costs

A differentiating service is that the tailor made investment advice from "Younique" is not limited to a one-time advice only. The service is aimed at continuous support to clients in realizing wealth accumulation.

The "Younique" proposition in combination with a rejuvenated saving proposition gave a significant impulse to the cash flow and made Robeco Direct more attractive for a younger client base.

Flexibility and focus is paramount for successfully meeting and exceeding client expectations. To further strengthen the proposition, Robeco Direct, decided to outsource the administration of retail payments, savings and investment products to Ordina.

Direct distribution activities in Belgium were terminated as the related assets and liabilities were sold to Kaupthing Bank Luxembourg in December 2007.

The banking infrastructure of Robeco Direct continued to play a pivotal role as a facilitator for Robeco to introduce innovative investment products for private and professional clients.
The financial engineering activities within Robeco have been stepped up requiring more seeding for building up track records. In particular the seeding of newly developed investment products and sponsor investments in the private equity domain gained importance.
Robeco Direct provides secondary market support for structured products where pricing is complex and liquidity is limited, in order to meet client's needs.

Compliance and Risk Management

The aim of compliance at Robeco Direct is to contribute to a further strengthening of trust in Robeco and its staff. Compliance ensures that Robeco's conduct complies with laws and regulations and also with the expectations of stakeholders, especially customers. In order to realize this goal we initiate, implement and monitor global compliance policies. The policies define the compliance standard within Robeco. The compliance framework consists of three linked general functions; (1) setting policies and procedures, (2) creating awareness and sharing compliance knowledge and (3) monitoring adherence and enforcing the policies and procedures. This is considered to be our management control system and incorporates the activities of corporate and local compliance officers

Setting policies and procedures

Robeco currently has 18 global compliance policies that cover four basic areas. These provide guiding principles for dealing with clients and supplying professional services and are based on international and national legislation and market practice. However, where local regulation is stricter, it takes precedence. In 2007 two new policies were developed (Whistle Blowing and Gift & Entertainment) and the Product Approval policy was revised.

Creating awareness and compliance knowledge

Regular training is given to staff on all of the compliance policies to ensure that they are understood and are being followed. All new employees follow an introductory compliance workshop where dilemmas are extensively discussed. Additionally an e-learning tool has been developed to test whether individuals have understood the various policies

Monitoring adherence and enforcing the policies and procedures

Monitoring adherence is basically the domain of the local compliance officer (LCO) The LCO and the teams perform the day-today compliance activities such as know-your-customer, anti-money-laundering and investment restrictions. Where necessary, they can work together with corporate compliance of Robeco, a department that has a (global) specialist for each of the four designated compliance areas. The following important projects in 2007 should be mentioned: implementation of the Market for Financial Instrument Directive (MiFID) in Europe, executing an awareness plan as well as executing an extensive review program on Robeco policies and fund governance. Moreover, Robeco has established a global corporate fund governance standard in which special attention is given to managing potential conflicts of interest in the fund management activities. In such cases Robeco deals in accordance with its fiduciary duty to act in the best interest of the investor. Robeco's fund-governance is tested by a quarterly fund-governance examination within Robeco's business operations. These are carried out by the Corporate Compliance Department. The outcome is reported to the Audit & Compliance Committee of Robeco Group N.V.'s Supervisory Board.

Risk Management

The crisis that has unfolded in financial markets across the world since the summer of 2007 was triggered by defaults in the US sub prime mortgage market. Depreciation in asset-backed securities, covered by a sub prime mortgage pool, created a crisis of confidence which extended to other markets and instruments. By the end of 2007, markets were characterized by high volatility, increasing risk aversion and illiquidity in many market segments, notably in asset-backed securities.

In response to this crisis, Robeco installed a crisis committee with representatives from the management companies, investment teams, treasury, compliance, and risk management. The committee closely monitored the impact of market developments on client portfolios and, where necessary, took additional measures to safeguard clients' positions. Any measures taken were, however, well within the boundaries of the internal and external restrictions applicable to those portfolios. After the initial period, the committee continued to confer on a weekly basis, or more frequently where necessary. During the crisis, the company remained in close contact with local regulators to ensure that there was maximum transparency in terms of the measures taken.

As exposure to the sub prime market was extremely limited and was concentrated in a small number of portfolios, the direct impact of the crisis on client portfolios has remained very limited. Careful portfolio composition and meticulous oversight ensured that no forced sales occurred as a consequence of cash-flow problems or market developments. None of the Robeco funds was closed during the crisis. Indirect effects of the crisis on the portfolios include a reduction in liquidity and an increase in volatility in almost all market segments, significantly lower equity prices, especially in the financial sector, but with spillover effects into other sectors, and substantial rating downgrades and depreciations, particularly in asset-backed securities.

Robeco Direct holds positions for its own account as a function of its banking and support activities; these include secondary market support, provision of seed capital and dynamic hedging of structured products issued by the company. Robeco Direct's policy ensured that a large proportion of the positions resulting from support activities were hedged. The investment portfolio has been exposed to volatile interest rate and credit market conditions. Exposures were such that the net impact on a marked-to-market basis was relatively limited and no defaults occurred in the portfolio. All positions are monitored closely in accordance with the risk-management framework consisting of various risk committees and a set of policies, as well as limit and control structures for the different risk types. Monitoring frequencies of several of the oversight activities were increased during the second half of 2007 and into 2008. While the direct impact of the sub prime crisis on the company has been relatively confined, existing risk management and control frameworks will be carefully reviewed and refined where necessary.

In Control

In 2007 Robeco Direct successfully completed several ongoing activities in order to strengthen its risk management and control framework. In addition to these ongoing activities Robeco Direct completed the implementation of the Markets in Financial Instruments Directive (MiFID). Furthermore, per January 2008 Robeco Direct is compliant with the Basel II Standardized Approach (SA) for operational and credit risk management. It is the bank's aim to obtain permission for the Advanced Internal Ratings Based (A-IRB) for credit risk. The contribution to the Rabobank SOX 404 effort was completed successfully. Robeco's Dutch retail funds will issue a Wft In Control Statement for 2007 as part of the annual report.

Given the different activities regarding its risk management and control framework, Robeco will continue to further integrate these different activities and the related control frameworks in 2008. The board is confident that this integration will improve the efficiency and effectiveness of the various activities within the overall control framework

Based on the projects and activities executed in 2007, the Management Board feels comfortable regarding Robeco Direct' internal control and risk-management framework.

Outlook 2008

The Management Board's outlook for the remainder of 2008 is cautiously positive, although economic conditions are deteriorating. US economic growth is slowing down and the economy is on the verge of a recession. A slowdown in economic growth is also likely in the euro area and Japan, while the emerging economies are projected to continue to grow. It is foreseen, however, that worldwide inflation will increase and present us with a more structural problem. The Management Board believes that the years of the 'Great Moderation', when inflation was moderate, may well be over. This will pose new challenges for asset managers as they strive to deliver results that can at least compensate investors for the loss of purchasing power they suffer.

Following the decline of the first quarter of stock markets, for the remaining of the year average stock market returns of around 8% may be expected. The main risk is the housing market in the US and the further downgrading of investment vehicles. The US, in particular, is moving into a period of slow growth, low interest rates and potential higher inflation caused primarily by higher prices for commodities. This could tip the balance from a growth scenario into a stagflation scenario. Volatility is likely to remain high. The main risk attached to this outlook is the combination of slower growth and higher inflation rates than foreseen, which would be negative for equity markets across the globe. Bond yields may on the short run not change very much. This year may be better than last year for investors in government bonds. The main risk attached to this outlook is the combination of slower growth and higher inflation rates than foreseen, which could be bad for investments in government bonds. The prospects for corporate bonds, however, are mixed. Companies with weaker balance sheets (high-yield companies) could suffer most, while bonds issued by strong commercial or financial companies already offer attractive premiums in return for a smaller risk of default.

Finally, Robeco Direct will continue to offer a tailor-made investment advice from "Younique" and strengthen the risk management and In control framework.

Rotterdam, 30 May 2008

Management Board Robeco Direct N.V.

Leni M.T. Boeren, chairman

Peter T.N. Bruin

Sander van Eijkern

CONSOLIDATED INCOME STATEMENT for the years ended 31 December

(EUR x 1,000)	Notes	2007	2006
Interest income	5	368,551	349,837
Interest expense	6	318,598	280,403
Net interest income		**49,953**	**69,434**
Fee and commission income	7	72,350	70,045
Fee and commission expense	8	7,926	8,231
Net fee and commission income		**64,424**	**61,814**
Results on financial assets designated at Fair value through profit or loss	9	-9,529	-41,285
Results on financial assets Available-for-sale	10	16,581	728
Results on financial assets Held for trading	11	23,064	59,685
Other income	12	27,655	10,806
Net Operating income		**172,148**	**161,182**
Employee benefits	13	18,587	15,923
Administrative expenses	14	85,486	78,189
Depreciation and amortization expenses	15	421	600
Impairment result	16	67	-24
Total operating expenses		**104,561**	**94,688**
Operating profit before tax		**67,591**	**66,494**
Income Tax	17	17,309	20,729
Profit for the year		**50,282**	**45,765**
Attributable to:			
Equity holders of the parent		50,385	45,310
Minority interest	38	-103	455
		50,282	**45,765**

CONSOLIDATED BALANCE SHEET at 31 December

(EUR x 1,000)	Notes	2007	2006
Assets			
Cash and balance at central bank	18	169,448	99,521
Due from other banks	19	738,763	644,250
Derivatives	20	41,797	50,164
Financial assets Held for trading	21	872,056	1,086,608
Financial assets designated at Fair value- through profit or loss	22	1,089,631	1,406,963
Loans and advances	23	1,182,584	1,240,716
Financial assets Available-for-sale	24	3,930,036	3,769,915
Financial assets Held-to-maturity	25	934,730	1,567,578
Property and equipment	26	810	832
Intangible assets	27	136	189
Other assets	28	206,010	219,193
Total assets		**9,166,001**	**10,085,929**

(EUR x 1,000)	Notes	**2007**	**2006**
Equity and Liabilities			
Due to other banks	29	1,102,815	1,497,331
Derivatives	20	528,820	863,901
Financial liabilities trading	30	3,696	5,982
Due to customers	31	6,702,028	6,933,172
Issued securities	32	162,009	87,095
Deferred tax liabilities	33	8,341	8,436
Other liabilities	34	219,646	206,937
Provisions	35	634	795
Subordinated loans	36	37,664	37,664
Total liabilities		**8,765,653**	**9,641,293**
Equity attributable to equity holders of the parent	37		
Issued capital		340	340
Share premium		145,323	145,323
Reserve net unrealized results		-39,894	1,068
Foreign currency translation reserve		-3,734	-184
Retained earnings		296,200	291,127
		398,235	437,674
Minority interest	38	2,113	6,962
Total equity		400,348	444,636
Total equity and liabilities		**9,166,001**	**10,085,929**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 31 December 2007 and 31 December 2006

(EUR x 1,000)	Attributable to equity holders of the parent						Minority interest	Total equity
	Issued capital	Share premium	Available-for-sale reserve	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2007	**340**	**145,323**	**1,068**	**-184**	**291,127**	**437,674**	**6,962**	**444,636**
Net unrealized results on financial assets Available-for-sale	-	-	-38,389	-	-	-38,389	-	-38,389
Realized gains and losses on financial assets Available-for-sale reclassified to the income statement	-	-	-16,581	-	-	-16,581	-	-16,581
Tax effect of net result on financial assets Available-for-sale	-	-	14,008	-	-	14,008	-	14,008
Foreign currency translation	-	-	-	-3,550	-	-3,550	-	-3,550
Other items	-	-	-	-	-	-	-	-
Total income and expense for the year recognized directly in equity	**-**	**-**	**-40,962**	**-3,550**	**-**	**-44,512**	**-**	**-44,512**
Profit for the year	-	-	-	-	50,385	50,385	-	50,385
Dividend payment	-	-	-	-	-45,312	-45,312	-	-45,312
Total income and expense for the year	**-**	**-**	**-40,962**	**-3,550**	**5,073**	**-39,439**	**-**	**-39,439**
Movements in third parties assets and liabilities	-	-	-	-	-	-	-4,849	-4,849
At 31 December 2007	**340**	**145,323**	**-39,894**	**-3,734**	**296,200**	**398,235**	**2,113**	**400,348**

(EUR x 1,000)	Attributable to equity holders of the parent						Minority interest	Total Equity
	Issued capital	Share premium	Available-for-sale reserve	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2006	**340**	**145,323**	**21,741**	**-**	**245,817**	**413,221**	**9,712**	**422,933**
Net unrealized results on financial assets Available-for-sale	-	-	-28,380	-	-	-28,380	-	-28,380
Realized gains and losses on financial assets Available-for-sale reclassified to the income statement	-	-	-729	-	-	-729	-	-729
Tax effect of net result on financial assets Available-for-sale	-	-	8,436	-	-	8,436	-	8,436
Foreign currency translation	-	-		-184	-	-184	-	-184
Other items	-	-	-	-	-	-	-	-
Total income and expense for the year recognized directly in equity	**-**	**-**	**-20,673**	**-184**	**-**	**-20,857**	**-**	**-20,857**
Profit for the year	-	-	-	-	45,310	45,310	-	-45,310
Total income and expense for the year	**-**	**-**	**-20,673**	**-184**	**45,310**	**24,453**	**-**	**24,453**
Movements in third parties assets and liabilities	-	-	-	-	-	-	-2,750	-2,750
At 31 December 2006	**340**	**145,323**	**1,068**	**-184**	**291,127**	**437,674**	**6,962**	**444,636**

CONSOLIDATED CASH-FLOW STATEMENT

for the years ended 31 December

(EUR x 1.000)	Notes	2007	2006
Operating activities	43		
Operating profit before tax		67,591	66,494
Adjustments to operating profit:			
Depreciation		421	600
Result financial assets		11,030	46,343
Movements in provisions		-161	-494
Other movements from operations:			
Current assets and liabilities		10,548	32,408
Net cash flows from operating activities		**89,429**	**145,351**
Investing activities	44		
Purchase of property and equipment		-424	-269
Purchase of financial assets Available-for-sale		-1,764,329	-999,567
Purchase of financial assets Held-to-maturity		-20,247	-456,377
Purchase of financial assets Fair value through profit or loss		-91,944	-80,363
Purchase of financial assets Loans and advances		-13,444	
Purchase of intangible assets		-112	-199
Proceeds from sale of property and equipment		138	88
Proceeds from sale of financial assets Available-for-sale		1,517,450	1,080,290
Proceeds from sale of financial assets Held-to-maturity		647,050	908,334
Proceeds from sale of financial assets Fair value through profit or loss		393,102	256,564
Proceeds from sale of financial assets Loans and advances and deposits with banks		246,612	434,229
Proceeds from sale of of intangible assets		52	-
Net cash flows used in investing activities		**913,904**	**1,142,730**
Financing activities	45		
Dividend paid		-45,312	-
Movement bonds and funds entrusted		-888,093	-1,361,838
Net cash flows used in financing activities		**-933,405**	**-1,361,838**
Net increase/decrease in cash and cash equivalents		69,928	-73,757
Net foreign exchange difference			
Cash and cash equivalents at 1 January		99,520	173,277
Cash and cash equivalents at 31 December		**169,448**	**99,520**

Cash flows from interest and dividends

Interest paid	315,492	280,885
Interest received	390,872	349,837
Dividend paid	45,312	-

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENT

1. Corporate information

Robeco Direct N.V. is established in the Netherlands. Robeco Direct N.V. aims to offer products and services to retail clients that enable them to achieve their financial goals. In addition the bank offers a banking infrastructure for other entities of Robeco Groep N.V.

The consolidated financial statements of Robeco Direct N.V. for the year ended 31 December 2007 concern Robeco Direct N.V. and its subsidiaries (together referred to as the 'Company'), as well as the Company's investment in associates. The banking activities within the Company are refered to as the 'Bank'.

All shares of Robeco Direct N.V. are owned by Robeco Groep N.V.

The financial statements were authorized for issue by the directors on 26 May 2008. The shareholder has a right to amend these financial statements after issue.

2. Accounting policies

Statement of compliance
The financial statements of Robeco Direct N.V. have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

Basis of preparation
The financial statements are presented in euros, which is the functional currency of the Company. The financial statements have been prepared on a fair value or amortized cost basis, except for property and equipment and intangible assets which are stated at deemed cost less accumulated depreciation or amortization and any accumulated impairment results.

IFRS developments
Adopted International Financial Reporting Standards
In accordance with IFRS 1 'First-time Adoption of International Financial Reporting Standards' and other relevant standards, the Company has applied IFRS as at 31 December 2007 in its financial reporting with effect from 1 January 2006. See also note 43.

Future IFRS developments
IAS 1 Presentation of Financial Statements
In 2007 the IASB issued the revised IAS 1 "Presentation of Financial Statements". The revisions to IAS 1 represent the first step in the IASB's comprehensive project on reporting financial information. The revised IAS 1 is effective for financial years beginning on or after 1 January 2009. The Company did not elect early adoption of the revised standard. IAS 1 changes will affect the headings of the financial statements. The impact of the revised IAS 1 is minor and only relates to presentation adjustments on the following statements.

- 'balance sheet' will become 'statement of financial position'
- 'income statement' will become 'statement of comprehensive income'
- 'cash flow statement' will become 'statement of cash flows'.

IFRS 8 Operating segments
IFRS 8 Operating segments requires listed entities to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. IFRS 8 introduces new disclosures regarding segments. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This standard has no impact on the classification and measurement of the Company's assets and liabilities.

Interest in investment funds
Interests in investment funds managed by the Company are recognized as equity securities and stated at fair value. Depending on the classification the results are taken to the reserves or the income statement. For interests in investment funds for which the control criteria are met, the Company consolidates the underlying interests in full.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Robeco Direct N.V. and its subsidiaries as at 31 December of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent IFRS accounting policies.

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable or convertible are taken into account if the Company has more than 50% of the voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. A complete list of the subsidiaries is shown in the disclosure Related parties. The subsidiaries are accounted for by integral consolidation showing a minority interest in the statement of changes in equity.

Transactions eliminated on consolidation
Intragroup balances, any unrealized gains or losses and income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated in proportion to the Company's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains

3. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of judgment and estimates that affect the recognition and valuation of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the actual results may differ ultimately from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Judgments made by management in the application of IFRS that have a significant impact on the financial statements are:

Capitalized fees
For certain structured products the Company records an asset in relation to structuring fees recognized upfront. The Company recognizes a part of the future management fee upfront in the income statement for which upfront fees to distributors and all costs relating to the structuring of this type of products are also recognized. During the life of the product the asset will be amortized against the actual received management fees. Due to the structuring of the products these upfront fees are guaranteed with a limited residual risk. The Company regularly reviews the risk to establish that the capitalized fees are recoverable.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

The Company presents its income statement using a nature of expense view. This presentation gives a clear insight in the profitability of its main activities.

4.1 Foreign currency translation

As stated earlier, the euro is the Company's functional currency. Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into euros at the spot rates prevailing at the balance sheet date.

Non-monetary items measured at historical cost are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. Any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and are translated using the spot rate prevailing at the balance sheet date.
Purchases and sales of securities are translated at the exchange rates prevailing at the relevant transaction date. The same applies to both income and expenses. Forward transactions in foreign currencies for funds withdrawn and settled are converted at the exchange rates at the closing date. Other forward exchange transactions not settled at the balance sheet date are valued at the forward rate for the contract's remaining term to maturity at closing date. In general the exchange rate differences are taken to the income statement.
Exchange rate differences on non-monetary items classified as Available-for-sale are taken to equity in the foreign currency translation reserve. Exchange rate differences for non-monetary items classified as Fair value through profit or loss are taken to the income statement.

Changes in the valuation of investments in foreign operations are recorded in the foreign currency translation reserve.

4.2 Interest income

The interest income consists of the interest income generated by banking activities on both the mortgages portfolio and the investment portfolio. Interest earned on financial assets related to banking operations is also reported as interest income.

4.3 Interest expense

The interest expense mainly relates to the expenses incurred on entrusted funds from customers and banks as well as interest expenses on swaps.

4.4 Fee and commission income

Fee and commission income include service fees, transaction fees, management fees, distribution fees and structuring fees. Fees are recognized when the services have been performed and can be reliably measured. Fees are primarily based on predetermined percentages of the market value of the average assets under management, including investment performance and net subscriptions or redemptions. Transaction fees are based on predetermined percentages of transaction volumes. Structuring fees, technically locked in with limited risk, are recognized and earned immediately after completion and distribution of a product.

4.5 Fee and commission expense

Fee and commission expense comprises of trailer fees. Trailer fees are recorded when the services have been performed and reliably measurable. Trailer fees are primarily based on predetermined percentages of the market values of the average assets under management of the investments, including investment performance and net subscriptions or redemptions.

4.6 Results on financial assets designated at Fair- value- through- profit- or- loss

The results on financial assets designated at fair- value- through- profit- or- loss consist of realized and unrealized gains and losses in the fair value-through-profit-or-loss portfolio.

4.7 Results on financial assets Available-for-sale

The results on financial assets Available-for-sale consist of the realized gains and losses on the sale of interest bearing securities classified as Available-for-sale.

4.8 Results on financial assets Held for trading

Results on financial assets Held for trading include all gains and losses from changes in fair value and related interest income or expense for financial assets held for trading. Results regarding derivatives are also included.

4.9 Other income

Other income consists of income generated from dividend, gains and losses from the disposal of Property and equipment are also included in Other income as well as settlement of projects

4.10 Minority interests

Minority interests are the portion of the net result and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company.

4.11 Cash and balance at central bank

Cash comprises cash in hand and deposits at Central Bank. The latter is held to satisfy regulatory liquidity requirements and is disclosed as restricted cash. Bank overdrafts are classified as liabilities.

4.12 Due from other banks

This item represents short-term deposits with an original maturity of three months or less, and other loans and advances to banks, not being financial assets, claims on credit institutions and Central Banks subject to governmental supervisions on banking not belonging to cash and not included in financial assets.

4.13 Derivatives

Robeco Direct N.V. enters into derivative transactions to hedge against economic risk exposure to which no hedge accounting is applied.

The Bank uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risk associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract was entered into and are subsequently re-measured. Fair values are obtained from quoted market prices, dealer price quotations, discounted-cash-flow models and option-pricing models. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The recognition of the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. All fair-value gain or loss from derivative instruments which are designated as economic hedges but which do not qualify for hedge accounting are recognized as result on financial assets held for trading.

Parts derivatives are determined as total return swaps. The Company entered into structured transactions on behalf of clients, which results in total return swaps and certain financial instruments on the Company's balance sheet. Total return swaps are financial instruments whose value is derived from an underlying instrument or product. Via total return swaps the market risk and the economic returns from the underlying financial instrument are transferred to clients. Total return swaps are recognized at fair value at balance sheet date. The gains or losses arising from changes in fair value and the economic returns on underlying financial instruments are recognized under Interest income or Interest expense.

4.14 Financial assets Held for trading

Financial assets are classified as Held for trading if they are acquired for the purpose of selling in the near future. Financial assets Held for trading are initially recognized at fair value. Interest earned or incurred received on these assets are reported as interest income. Dividends are reported as other income. All other realized and unrealized gains and losses on re-measurement of these financial instruments at fair value are included in result on financial assets Held for trading.

All purchases and sales of financial assets Held for trading that require delivery within the time frame established by regulation or market convention, i.e. regular-way purchases and sales, are recognized at trading date.

4.15 Financial assets designated at Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that have been specifically designated as 'at Fair value through profit or loss'. The assets are recorded on a trading date basis. The financial assets Held for trading, with exception of the derivatives, are classified under Financial assets Held for trading.

Non-trading financial assets at fair value through profit or loss
The Company has chosen to designate financial instruments other than those that are acquired for the purpose of selling in the near future as financial assets at Fair value through profit or loss. These financial assets are initially recognized at fair value.

Financial assets classified in this category are designated by management on initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or
- the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis in accordance with a risk management strategy; or
- the financial instruments contain an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or if it is clear that it would not be separately recorded.

Interest earned on these assets is reported as Interest income. When re-measurement occurs, dividends received on financial assets and all other realized and unrealized gains and losses on re-calculation of these financial instruments at fair value are included in Results of financial assets designated at Fair value through profit or loss. Assets are measured at fair value with all changes taken to the income statement in order to avoid a mismatch between the value of the assets and the corresponding other derivatives and due to customers.

The fair value of financial assets that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date. The fair value of all other financial assets is determined using valuation techniques, which include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market prices do exist, and valuation models. The input into these valuation models is practically always market observable.

4.16 Loans and advances

Loans and advances with a maturity of more than one year are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are carried at amortized cost using the effective interest rate method less any impairment results. Gains and losses are recognized in the income statement when the loans and advances are derecognized or impaired, as well as through the amortization process. Transaction costs are taken into account at initial recognition and are amortized over the remaining term. The assets are recorded on a trading date basis.

4.17 Financial assets Available-for-sale

Financial assets Available-for-sale are non-derivative financial instruments not classified as (a) loans and advances, (b) held-to-maturity, (c) financial assets at fair value through profit or loss. Those financial assets are recorded on a trading date basis. Financial assets Available-for-sale are instruments which, in management's opinion, may be sold in response to or in anticipation of needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. Financial assets Available-for-Sale consist of money market paper, other debt instruments and equity instruments.

Financial assets Available-for-sale are carried at fair value. Unrealized gains or losses on financial assets Available-for-sale are reported in equity, net of taxes until such assets are sold, collected or otherwise disposed of, or until such assets are impaired.

On disposal of an Available-for-sale asset, the accumulated unrealized gain or loss included in equity is transferred to the income statement. Gains and losses on disposal are determined using the average cost method.

Interest earned on financial assets Available-for-sale related to banking operations is reported as Interest income. Realized gains and losses on financial assets Available-for-sale are recognized as Results on financial assets available-for-sale.

If a financial asset Available-for-sale is impaired, the amount comprising the difference between its costs (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is transferred from equity to the income statement. For fixed income financial assets Available-for-sale, reversals of impairment loss are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement. For Available-for-sale equity securities however, the reversal of impairment loss is not recognized through the income statement but through shareholders' equity.

4.18 Financial assets Held-to-maturity

When management has both the intention and the ability to hold them to maturity, securities with fixed or determinable payments are classified as Financial assets Held-to-maturity. Management determines the appropriate classification of its financial assets at the time of purchase. The financial assets are recorded on a trading date basis.

Financial assets Held-to-maturity are carried at amortized cost. Interest earned on Financial assets Held-to-maturity is reported as Interest income from banking operations.

If there is objective evidence that an impairment loss on financial assets carried at cost or amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognized in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

4.19 Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and any recognized accumulated impairment results. The carrying values of property and equipment are reviewed for impairment once a year. If an indication of impairment exists, the items are impaired to their recoverable amount and the impairment is taken to the income statement in the period in which it arises.
Depreciation is calculated using the straight-line method over the expected useful economic lives of the assets, recognized as an expense and included in the income statement under Depreciation and amortization expenses. Disposal gains or losses are included in the income statement under Other income.

Category of property and equipment	Useful economic life *(years)*	Depreciation rate
Computer equipment	5	20%
Office equipment	5	20%

The useful economic life of computer equipment was changed to 5 years in 2007 (up to and including 2006: 3 years).

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

4.20 Intangible assets

Intangible assets consist of purchased capitalized software. Intangible assets are stated at cost less any accumulated amortization and any accumulated impairment results determined individually for each asset. The assets are reviewed for impairment annually.

The intangible assets of the Company are all finite and acquired. Amortization is on a straight-line basis for the period of 3 years.

4.21 Other assets

Other assets are valued at face value. Other assets are mainly accounts carried at the original invoice amount less an allowance for uncollectible amounts and comprises mainly of interest receivable, accrued income and capitalized structuring fees.

4.22 Due to other banks

This item represents short-term loans with an original maturity of three months or less, from other banks and other loans and advances from banks.

4.23 Due to customers

Due to customers represent saving accounts and deposits of private and non-private customers.

4.24 Taxes

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax
Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not accounted for:

- the initial recognition of assets and liabilities that affects neither the accounting profit nor the taxable profit;
- differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future;
- the recognition of carry-forward losses that will be set off against expected taxable profits in the future that are still uncertain according to management judgment.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

4.25 Other Liabilities

Other liabilities consist mainly of accrued interest payable, creditors and other liabilities.

4.26 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

4.27 Subordinated loans

Subordinated loans are initially recognized at fair value.

4.28 Equity attributable to equity holders of the parent

Equity is accounted for as the residual interest of the Company after deducting all its liabilities. The amount at which equity is shown in the balance sheet is dependent on the measurement of assets and liabilities.

Dividends for distribution are recognized as a liability in the period when they are declared. Dividends declared after the balance sheet date are not retroactively reflected in the financial statements of the period just ended.

Minority interests are presented in the consolidated balance sheet as part of total equity, separately from the Company's equity.

4.29 Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets has to be impaired.

A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has impact on the estimated future cash flows of the financial asset or the group of assets that can be reliably estimated.

Objective evidence of impairment includes observable data about:

- significant financial difficulty of the issuer;
- an actual breach of contract, such as a default or delinquency in interest or principal payments;
- probability of bankruptcy or other financial reorganisation of the borrower;
- the disappearance of an active market for that financial asset due to financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

For debt instruments classified as Available-for-sale or amortized cost impairment is assessed if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. The carrying amount is reduced through equity and the amount of the loss is recognized in the income statement.

If, in a subsequent period, the amount of the impairment loss relating to a debt instrument carried at amortised cost or at Available-for-sale decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss.

In the case of equity investments classified as Available-for-sale, objective evidence for impairment would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, measured as the difference between the acquisition cost and the current fair value, the loss is removed from equity and recognised in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5. Interest income

Interest income can be broken down as follows:

(EUR x 1,000)	**2007**	**2006**
Cash and balances with central banks	6,123	4,365
Due from other banks	43,587	26,196
Derivatives	18,946	14,041
Financial assets Held for Trading	9,884	-2,316
Financial assets at Fair value through profit or loss	32,697	50,180
Loans and advances	72,679	76,918
Financial assets Available-for-sale	140,977	121,561
Financial assets Held-to-maturity	43,658	58,892
Total	**368,551**	**349,837**

6. Interest expense

Interest expense can be broken down as follows:

(EUR x 1,000)	**2007**	**2006**
Due to other banks	58,130	51,047
Derivatives	46,820	38,776
Due to customers	211,892	189,009
Subordinated loans	1,753	1,260
Other	3	311
Total	**318,598**	**280,403**

7. Fee and commission income

Fee and commission income represent management fees, insurance fees and securities transactions.

(EUR x 1,000)	**2007**	**2006**
Management fees	56,251	53,128
Insurance fees	3,961	3,586
Securities transactions	7,457	9,562
Other	4,681	3,769
Total	**72,350**	**70,045**

8. Fee and commission expense

The expenses can be broken down as follows:

(EUR x 1,000)	**2007**	**2006**
Asset management	5,051	5,565
Securities transactions	1,067	743
Payment services	946	1,041
Other	862	882
Total	**7,926**	**8,231**

9. Results of financial assets designated at Fair value through profit or loss

Results on financial assets Fair value through profit or loss are as follows:

(EUR x 1,000)	**2007**	**2006**
Gains and losses on the Fair value through profit or loss portfolio	-9,529	-41,285
Total	**-9,529**	**-41,285**

10. Results on financial assets Available-for-sale

Results on financial assets Available-for-sale are as follows:

(EUR x 1,000)	2007	2006
Realized gains and losses on the Available-for-sale portfolio	16,581	728
Total	**16,581**	**728**

11. Results on financial assets Held for trading

Results on financial assets Held for trading are as follows:

(EUR x 1,000)	2007	2006
Derivatives	23,708	44,069
Equities	562	9,570
Debt securities	8,102	6,740
Other	-9,308	-694
Total	**23,064**	**59,685**

12. Other income

(EUR x 1,000)	2007	2006
Dividend income	19,995	4,911
Non banking income	7,660	5,895
Total	**27,655**	**10,806**

13. Employee benefits

Employee benefits can be broken down as follows:

(EUR x 1,000)	2007	2006
Wages and salaries	10,044	9,100
Social security costs	3,337	2,916
Pension costs	1,826	1,240
Temporary staff	2,081	1,929
Other staff costs	1,299	738
Total	**18,587**	**15,923**

In the Netherlands Robeco Direct N.V. does not employ personnel by itselves. Robeco Nederland B.V. is employer of Robeco Direct N.V.'s Board of Directors and personnel in the Netherlands. In 2007 301 FTE's (2006: 327) where allocated to Robeco Direct. In other countries the employees are directly employed by Robec Direct N.V. On average, the Company had a workforce of 446 employees in 2007 (449 employees in 2006). The distribution of employees employed by The Company is as follows:

Average employed number of employees (FTE's)	2007	2006
Belgium	33	34
France	112	88
Total	**145**	**122**

14. Administrative expenses

Administrative expenses can be broken down as follows:

(EUR x 1,000)	2007	2006
Rental bank premises and equipment	2,034	2,090
Other office expenses	948	735
Travel and accommodation	199	180
Training	197	204
Information technology	350	1,244
Marketing	2,360	3,047
Advice	2,698	2,911
Other administrative expenses	76,700	67,778
Total	**85,486**	**78,189**

Other administrative expenses consist mainly of costs charged by Robeco Nederland B.V. The costs charged consist mainly of costs for personnel, housing and ICT.

15. Depreciation and amortization expenses

(EUR x 1,000)	2007	2006
Property and equipment	308	381
Intangible assets	113	219
Total	**421**	**600**

16. Impairment result

(EUR x 1,000)	2007	2006
Value adjustment on credit to customers	67	-24
Total	**67**	**-24**

17. Income tax

Income tax recognized in the income statement can be broken down as follows:

CURRENT INCOME TAX

(EUR x 1,000)	2007	2006
Current year	17,087	19,906
Prior-year adjustment	222	823
Total	**17,309**	**20,729**
Total	**17,309**	**20,729**

The reconciliation between tax expense and accounting profit for the years ended 31 December 2007 and 2006 is as follows:

(EUR x 1,000)	2007	2006
Accounting profit before tax	67,591	66,494
Non deductible expenses	34	301
Result of non consolidated entities	103	-10
Other	-28	-950
Taxable income	**67,700**	**65,836**
Tax at statutory tax rate 25.5% (2006: 29,6%)	17,263	19,487
Adjustments related to tax assessments previous years	222	823
Effect of higher tax rates in foreign operations	115	12
Other	-291	407
Income tax expense reported in income statement	**17,309**	**20,729**
Effective tax rate	**25,6%**	**31,5%**

NOTES TO THE CONSOLIDATED BALANCE SHEET

18. Cash and balance at central bank

Cash and balance at central bank can be broken down as follows:

(EUR x 1,000)	2007	2006
Mandatory reserve central bank	169,447	99,520
Cash in hand	1	1
Total	**169,448**	**99,521**

An amount of EUR 169.1 million (2006: EUR 99.5 million) is held to satisfy regulatory liquidity requirements of the Dutch Central Bank and is therefore restricted.

19. Due from other banks

Due from other banks can be broken down as follows:

(EUR x 1,000)	2007	2006
Placement other banks available on demand	471,218	210,123
Placement other banks not available on demand	136,032	224,852
Cash receivables securities	129,993	26,454
Loans to banks	1,520	182,821
Total	**738,763**	**644,250**

20. Derivatives

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the balance sheet, but do not necessarily indicate the value of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Company's exposure to credit or price risks. The notional amount represents the value of a derivative's underlying asset, reference rate or index and forms the basis for measuring the value of the derivative. It provides an indication of the volume of the Company's business transactions but does not provide any measure of risk. Some derivatives are standardized in terms of their notional amounts and settlement dates, and these are designed to be bought or sold in active markets (exchange traded).

Others are packaged specifically for individual customers and are not publicly listed, as they may be bought and sold between counterparties at negotiated prices (Over the Counter instruments).

Positive fair value represents the cost to the Company of replacing all transactions with a receivable amount if all the counterparties were to default. This measure is the industry standard for the calculation of current credit exposure. Negative fair value is the cost incurred by the Company in replacing all the Company's transactions with a commitment if the Company were to default. The total positive and negative fair values are included separately in the balance sheet. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The total contract or notional amount of derivative financial instruments held, the degree to which these instruments are favorable or not favorable, and hence the total fair value of the derivative financial assets and liabilities can sometimes fluctuate significantly.

	2007			**2006**		
(EUR x 1,000)	**Contract/ Notional Amount**	**Fair values**		**Contract/ Notional Amount**	**Fair values**	
		Assets	**Liabilities**		**Assets**	**Liabilities**
Funded total return swaps	504,410		504,410	805,136		805,136
Forward currency	155,700	-	1,089	181,955	336	75
Interest rate swaps	1,315,778	10,645	23,321	1,571,087	4,921	58,336
Index futures	-	0,726	-	7,700	-	-
Swaptions	112,200	-	-	100,200	1	1
Funding swaps	30,426	30,426	-	41,400	44,906	-
Credit default swaps	11,031	-	-	51,390	-	353
Total recognized derivative assets/liabilities	**2,129,545**	**41,797**	**528,820**	**2,758,868**	**50,164**	**863,901**

The value of the funded total return swaps, of which EUR 504,410 million (2006: EUR 805,136 million) is entered into with Rabobank, depends on the value of the underlying investments which are held to meet the specific investment objectives of note holders who bear the investment risk arising from these investments.

The derivatives include an interest rate swap that is designated as an element of a package for which the Company has chosen to use the "fair value option". These instruments are disclosed in financial assets at Fair value through profit or loss.

21. Financial assets Held for trading

The fair values of the Company's financial assets Held for trading can be broken down as follows:

(EUR x 1,000)	2007			2006		
Financial assets Held for trading	**Listed**	**Unlisted**	**Total**	**Listed**	**Unlisted**	**Total**
Debt securities	162,280	1,302	163.582	232,223	-	232,223
Equity securities	166,974	541,500	708,474	70,602	783,783	854,385
Total	**329,254**	**542,802**	**872,056**	**302,825**	**783,783**	**1,086,608**

Financial assets Held for trading include EUR 504.4 million (2006: EUR 805.1 million), that is held to back the total return swaps entered into with Rabobank in order to meet specific investment objectives of note holders who bear the investment risk arising from financial assets Held for trading.

22. Financial assets designated at Fair value through profit or loss

The table below provides the fair values of the Company's non-trading financial assets designated at Fair value through profit or loss.

	2007			2006		
(EUR x 1,000)	**Listed**	**Unlisted**	**Total**	**Listed**	**Unlisted**	**Total**
Mortgages	-	413,104,891	413,104,891	-	420,874,451	420,874,451
Government bonds	221,500,000	-	221,500,000	168,272,000	-	168,272,000
Equity securities	741,847	-	741,847	-	325,191	325,191
Purchased loans	-	32,500,000	32,500,000	-	50,400,000	50,400,000
Other debt securities	421,784,540	-	421,784,540	767,092,102	-	767,092,102
Total	**644,026,387**	**445,604,891**	**1,089,631,278**	**935,364,102**	**471,599,642**	**1,406,963,744**

In October 2003 a package consisting of a mortgage portfolio, accompanying saving deposits and interest rate swaps was bought. The package has been designated as part of the Fair value portfolio, following the 'fair value option'. The Company was able to use the option because, from management perspective, the package is viewed as one, non-dividable, package. As a result the package is recognized at fair value and there is no accounting mismatch. The fair value of this particular package at the purchase date and year-end dates is as follows:

(EUR x 1,000)	Fair value
31-12-2006	384,104,657
31-12-2007	387,538,797

The total nominal value of the package is equal to the total fair value on all of the above dates. As a result there have been no results on revaluations. The nominal value of the mortgages amounts to EUR 404.9 million (2006: EUR 400.6 million).

Included in financial assets at fair value through profit or loss (designated at initial recognition) is a portfolio of fixed-rate purchased loans which is economically hedged by swaps. The hedges do not satisfy the criteria for hedge accounting and the loans are recorded at fair value to avoid an accounting mismatch. The maximum credit exposure of the loans and mortgages amounts to EUR 445.2 million (2006: EUR 471.2 million). The change in fair value of the purchased loans and mortgages attributable to changes in credit risk amounts to a gain of EUR 0.1 million (2006: a loss of EUR 0.2 million).

23. Loans and advances

(EUR x 1,000)	2007	2006
Mortgages	1,069,589	1,134,849
Public sector loans	23,234	15,444
Private sector commercial loans	37,361	35,360
Private sector overdrafts	21,864	40,271
Credits collaterized by securities	14,531	14,496
Other	16,005	296
Total	**1,182,584**	**1,240,716**

The company holds collateral relating to private sector loans and advances to customers. The collateral consists of cash, securities and properties. The received cash collateral is included in the balance sheet under item Cash and cash equivalents.

There is no accrued interest on impaired loans at 31 December 2007 (2006: EUR 0 million).

24. Financial assets Available-for-sale

	2007			2006		
(EUR x 1,000)	Listed	Unlisted	Total	Listed	Unlisted	Total
Government bonds	1,860,986	-	1,860,986	2,194,801	-	2,194,801
Other debt securities	2,001,615	11,687	2,013,302	1,467,202	14,807	1,482,009
Equity securities	-	55,748	55,748	34,800	58,305	93,105
Total	**3,862,601**	**67,435**	**3,930,036**	**3,696,803**	**73,112**	**3,769,915**

25. Financial assets Held-to-maturity

	2007			2006		
(EUR x 1,000)	Listed	Unlisted	Total	Listed	Unlisted	Total
Government bonds	820,599	-	820,599	1,186,66	-	1,186,665
Other debt securities	114,131	-	114,131	380,913	-	380,913
Total	**934,730**	**-**	**934,730**	**1,567,578**	**-**	**1,567,578**

26. Property and equipment

Movements in property and equipment are as follows:

(EUR x 1,000)	2007	2006
Cost at 1 January, net of accumulated depreciation and impairment	**832**	**739**
Additions	424	604
Disposal/Acquisitions of subsidiaries	-138	-130
Depreciation	-308	-381
Net carrying amount at 31 December 2007	**810**	**832**
At 1 January		
Cost	4,081	3,924
Accumulated depreciation and impairment	-3,249	-3,185
	832	**739**
At 31 December	3,750	4,076
Cost	-2,940	-3,244
Accumulated depreciation and impairment	**810**	**832**

27. Intangible assets

Movements in the intangible assets are as follows:

(EUR x 1,000)

	2007	2006
Cost at 1 January 2007, net of accumulated amortization and impairment	189	214
Additions	113	194
Disposal/Acquisitions of subsidiaries	-53	-
Amortization	-113	-219
Net carrying amount at 31 December	**136**	**189**
At 1 January 2007		
Cost	5,768	5,568
Accumulated amortization and impairment	-5,579	-5,354
Net carrying amount	**189**	**214**
At 31 December 2007		
Cost	4,868	5,768
Accumulated amortization and impairment	-4,732	-5,579
Net carrying amount	**136**	**189**

28. Other assets

The other assets can be broken down as follows:

(EUR x 1,000)	**2007**	**2006**
Interest receivable and accrued income	129,449	151,302
Capitalized structuring fee	30,134	54,738
Others	46,427	13,153
Total	**206,010**	**219,193**

29. Due to other banks

(EUR x million)	**2007**	**2006**
Call money / balances available on demand	983,243	1,478,230
Liability securities transactions	81,345	15,735
Time deposits	38,227	3,366
Total interest bearing loans due to banks	**1,102,815**	**1,497,331**

The call money / balances available on demand refer to saving accounts via third party distributors.

30. Other liabilities trading

(EUR x 1,000)	**2007**	**2006**
Short position shares	3,696	5,982
Total	**3,696**	**5,982**

The short position shares refer to the short position which are part of the investment strategy of the underlying product.

31. Due to customers

(EUR x 1,000)	**2007**	**2006**
Saving deposits available on demand	5,095,356	4,740,615
Time deposits	1,514,813	1,463,687
Current accounts / settlement accounts	90,222	728,357
Other	1,637	513
Total	**6,702,028**	**6,933,172**

The saving deposits available on demand refer to the saving accounts of private customers. The current accounts and settlement accounts consist of the saving accounts of non-private customers. Time deposits are deposits provided by clients and funds managed by Robeco Group N.V.

32. Issued securities

(EUR x 1,000)	2007	2006
Issued securities	159,553	84,644
Call fixed and private loans	2,456	2,451
Total	**162,009**	**87,095**

Issued securities are shown as a liability on the balance sheet. The securities are the certificates issued to the investors and valued at fair value.

33. Deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

(EUR x 1,000)	**Consolidated balance sheet**	
	2007	**2006**
DEFERRED TAX LIABILITY		
Temporary differences between fiscal and financial reporting of Held-to-maturity portfolio	1,505	2,706
Revaluation of interest-rate swap to fair value	345	-4,095
Revaluations of financial assets Fair value through profit or loss portfolio	17	3,793
Unrealized results Available-for-sale portfolio	6,474	6,032
Total deferred tax liability	**8,341**	**8,436**
Deferred income tax income		

The movements in the deferred tax liabilities are as follows:

(EUR x 1,000)	2007	2006
Balance at 1 January	**8,436**	**4,634**
Change value financial assets Available-for-sale	-14,008	-8,436
Change in value investment portfolio	332	453
Release to current tax	13,581	11,785
Balance at 31 December	**8,341**	**8,436**

Unrecognized deferred tax assets
There are no unrecognized deferred tax assets.

Maturity deferred tax liabilities

(EUR x 1,000)	2007	2006
Deferred tax liabilities		
Deferred tax liability to be realized after more than 12 months	8,341	8,436
Deferred tax liability to be realized within 12 months	-	-
Total deferred tax liabilities	**8,341**	**8,436**

34. Other liabilities

Other liabilities can be broken down as follows:

(EUR x 1,000)	2007	2006
Accrued interest payable	194,911	169,959
Creditors	18,036	29,648
Accruals	6,355	7,246
Company tax payable	344	84
Total	**219,646**	**206,937**

35. Provisions

The components of provisions are as follows:

(EUR x 1,000)	2007	2006
Onerous contracts	282	282
Legal	352	513
Total	**634**	**795**

The provisions mainly relate to a rental agreement for office space, tax issues and termination benefits.

Movements in provisions are as follows:

(EUR x 1,000)	Onerous contracts		Legal and social	
	2007	**2006**	**2007**	**2006**
Balance at 1 January	**282**	**954**	**513**	**335**
Disposals	-	-	-161	-
Additions	-	-	-	178
Charged	-	-672	-	-
Balance at 31 December	**282**	**282**	**352**	**513**

Maturity dates provisions at 31 December 2007:

(EUR x 1,000)	Up to 1 year	1-5 years	More than 5 years	Total
Legal	-	352	-	352
Onerous contracts	-	282	-	282
Total	**-**	**634**	**-**	**634**

36. Subordinated loans

Two loans totaling EUR 37.7 million (2006: EUR 37.7 million) have been granted by Rabobank Nederland at a variable interest rate to Robeco Direct N.V. The loans are subordinated to all other present and future liabilities of Robeco Direct N.V. The term is indefinite and subject to a five-year notice period. The loans were granted as a result of the solvency rules set by the Dutch Central Bank and can only be repaid after approval of the Dutch Central Bank.

The average variable interest rates paid on the loans are as follows:

		Average Interest rate (Euribor + 40bp)	
EUR x million	**EUR**	**2007**	**2006**
Rabobank Nederland	26.3	4.50%	3.23%
Rabobank Nederland	11.4	4.58%	3.32%

37. Equity attributable to equity holders of the parent

Movements in equity attributable to equity holders of the parent are as follows:

(EUR x 1,000)	Attributable to equity holders of the parent						Minority interest	Total equity
	Issued capital	Share premium	Available-for-sale reserve	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2007	**340**	**145,323**	**1,068**	**-184**	**291,127**	**437,674**	**6,962**	**444,636**
Net unrealized results on financial assets Available-for-sale	-	-	-38,389	-	-	-38,389	-	-38,389
Realized gains and losses on financial assets Available-for-sale reclassified to the income statement	-	-	-16,581	-	-	-16,581	-	-16,581
Tax effect of net result on financial assets Available-for-sale	-	-	14,008	-	-	14,008	-	14,008
Foreign currency translation	-	-	-	-3,550	-	-3,550	-	-3,550
Total income and expense for the year recognized directly in equity	**-**	**-**	**-40,962**	**-3,550**	**-**	**-44,512**	**-**	**-44,512**
Profit for the year	-	-	-	-	50,385	50,385	-	50,385
Dividend payment	-	-	-	-	-45,312	-45,312	-	-45,312
Total income and expense for the year	**-**	**-**	**-40,962**	**-3,550**	**5,073**	**-39,439**	**-**	**-39,439**
Movements in third parties assets and liabilities	-	-	-	-	-	-	-4,849	-4,849
At 31 December 2007	**340**	**145,323**	**-39,894**	**-3,734**	**296,200**	**398,235**	**2,113**	**400,348**

(EUR x 1,000)	Attributable to equity holders of the parent						Minority interest	Total equity
	Issued capital	Share premium	Available-for-sale reserve	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2006	**340**	**145,323**	**21,741**	**-**	**245,817**	**413,221**	**9,712**	**422,933**
Net unrealized results on financial assets Available-for-sale	-	-	-28,380	-	-	-28,380	-	-28,380
Realized gains and losses on financial assets Available-for-sale reclassified to the income statement	-	-	-729	-	-	-729	-	-729
Tax effect of net result on financial assets Available-for-sale	-	-	8,436	-	-	8,436	-	8,436
Foreign currency translation	-	-		-184	-	-184	-	-184
Other items	-	-	-	-	-	-	-	-
Total income and expense for the year recognized directly in equity	**-**	**-**	**-20,673**	**-184**	**-**	**-20,857**	**-**	**-20,857**
Profit for the year	-	-	-	-	45,310	45,310	-	45,310
Total income and expense for the year	**-**	**-**	**-20,673**	**-184**	**45,310**	**24,453**	**-**	**24,453**
Movements in third parties assets and liabilities	-	-	-	-	-	-	-2,750	-2,750
At 31 December 2006	**340**	**145,323**	**1,068**	**-184**	**291,127**	**437,674**	**6,962**	**444,636**

The authorized share capital amounts to EUR 1.0 million (2006: EUR 1.0 million) consisting of 200,000 shares with a nominal value of EUR 5 each, of which EUR 340,340 is paid in full.

Shareholders are entitled to receive dividends when declared and are entitled to vote on a one vote per share basis at the Company's shareholders meetings.

38. Minority interests

This item relates to a 7% minority interest in WPG Event-Driven Multi Strategy Overseas L.P., 2% VCM Emerging Managers Fund, 1% Robeco Structured Finance Fund listed Private Equity and 5% Robeco CGF Robeco US Midcap Equities.

Movements in this item are as follows:

(EUR x 1,000)	2007	2006
Balance at 1 January	**6,962**	**9,712**
Net profit or loss for the financial year	-103	455
Change of assets and liabilities third parties	-4,746	-3,205
Balance at 31 December	**2,113**	**6,962**

39. Contingent liabilities

Capital commitments

The Company has a commitment to repurchase specific bonds when requested by the bondholders. The Company can unwind these securities with nominal amount of EUR 1,068 million (2006: EUR 1,624 million) without a loss.

The Bank has irrevocable credit facilities related to mortgages, credits and guarantees of EUR 620.6 million at 31 December 2007 (2006: EUR 490.8 million). Most of the unused portion of irrevocable credit facilities is secured by customers' assets.

Pledged assets

	Carrying amount		**Notional amount**	
(EUR x 1,000)	**2007**	**2006**	**2007**	**2006**
Financial assets Available-for-sale	155,347,645	155,547,601	155,000,000	155,000,000
Financial assets Held-to-maturity	-	235,548,000	-	230,705,413
Financial assets Fair value through profit or loss	9,197,475	9,541,217	9,075,604	9,075,604
Total	**164,545,120**	**400,636,818**	**164,075,604**	**394,781,017**

The assets pledged by the Bank are strictly for the purpose of providing collateral for the counterparty.

40. Financial risk management objectives and policies.

Introduction

The Company applies various indicators for the assessment of financial performance, amongst others Risk Adjusted Return on Capital (RAROC). The use of RAROC is part of the strategic capital allocation process which has been developed over the last few years and will be further refined as part of the ongoing effort to improve the quality of decision-making. This process entails the use of internal models for individual risk types, a correlation matrix to account for inter-risk type diversification and a process to allocate capital to the various business units and activities. Economic capital is determined by the Company's risk appetite, available capital and portfolio of activities.

In determining economic capital, the Company distinguishes between financial risk types (credit risk, market risk and interest rate risk) and non-financial risk types (operational risk and business risk). It is recognized that both operational risk (for which a detailed framework is in place) and business risk (for which a more advanced bottom-up model is currently being developed) are not of easy steerage in the short run. The risk appetite for the financial risk types is therefore the result of the available capital and the required capital for the non-financial risk types.

Allocation of capital to the financial risk types, notably market risk and credit risk, is influenced by the requirements for seed capital and co-investments, secondary market support and (dynamic) hedging of structured products issued by Robeco. The provision of seed capital and co-investments serves to build a track record for a fund or trading strategy and/or to achieve alignment of interest between investment manager and the investor. Limits for these activities, both in terms of notional amounts and in terms of risk and risk capital are reviewed on an annual basis.

The objective of the Company's Asset and Liability Management activities is geared towards optimizing interest rate risk results within the risk and other boundaries set by the Asset and Liability Committee. These boundaries and the allocation of capital to credit risk and interest rate risk depend on availability of risk capital and on the opportunities in the markets.

Risk Governance

The Group Risk & Compliance Committee is the highest body within Robeco Group N.V. that focuses on risk. The Group Risk & Compliance Committee is responsible for ensuring that there is comprehensive and consistent risk oversight throughout the different business units and entities within the Group. Risk oversight is a combination of compliance, internal audit and risk management functions. The Group Risk & Compliance Committee evaluates and ratifies group-wide policies relating to compliance, internal audit and risk management issues. The Committee is chaired by the CEO and meetings are held on a quarterly basis.

On behalf of the Group Risk & Compliance Committee, the Asset and Liability Committee has been delegated responsibility for limit setting and monitoring of financial risk types (credit risk, interest rate risk and market risk). The Asset and Liability Committee advises the Group Risk & Compliance Committee on how to determine the Company's overall risk appetite. The Asset and Liability Committee monitors regulatory capital, economic capital and RAROC figures at Group and business unit levels for internal steering and to assure that the entities under regulatory supervision comply with the capital and solvency requirements. The Committee is chaired by the CFO and meetings are held on a monthly basis.

On behalf of the Asset and Liability Committee, the Valuation Committee has been delegated responsibility for establishing the accounting and risk classifications and the valuation of illiquid instruments in the trading and investment books of the Company. More specifically, the Valuation Committee approves IFRS classifications, trading book/investment book classifications and the use of specific models and parameters to determine economic and regulatory capital. The Committee is chaired by the Head of Group Control and convenes on a monthly basis.

Local Risk Management Committees are responsible for monitoring the quality and comprehensiveness of risk oversight. The Committee ensures that clear procedures are established and implemented with regard to risk appetite and escalation. The Committee is also responsible for the evaluation of the activities required to measure, monitor and control risk. Local Risk Management Committees escalate to the Group Risk & Compliance Committee.

Credit risk

Credit risk is governed by the Credit Risk Policies, which are approved by the Asset and Liability Committee and the Management Board of the Bank. Credit risk mainly relates to the ALM activity in the Bank, whereby entrusted savings are invested in highly liquid investment grade bonds. Additional sources of credit risk are the mortgage business, private loans collateralised by securities, counterparty credit risk in the trading and investment books of the Bank and the co-investment positions (mainly private equity tranches of CDOs).

The Bank has significantly revised its credit risk monitoring process in 2007. The Company applied for the use of the Advanced Internal Rating Based ('IRB-A') approach to calculate regulatory capital requirements for credit risk.

An overall limit in terms of Economic Capital applies. Economic Capital is based on Basel II capital requirements (Pillar I, minimum capital requirements). For most credit exposures, the calculation of capital requirements is based on the use of internal models for Probability of Default, Loss Given Default, Exposure At Default and Maturity. For securitizations the Bank applies the Rating Based Approach capital requirement methodology of the Basel II Securitization Framework. For equity exposures in the banking book, the Simple Risk Weight approach applies. The Bank will develop internal models for Value at Risk calculation for these type of exposures in due time. For the immaterial portfolios (loans collateralised by securities, non-retail mortgages and the corporate bonds in the banking portfolio) the Bank applies the Standardized Approach.

The overall Economic Capital limit is complemented by a set of controls aiming to prevent concentration risk in the portfolio. Controls relate to the exposure by issuer, issue and by sector. Additionally, the size of portfolios of corporate exposures and Asset Backed Securities is limited. Dealings may only be undertaken in authorised products to secure correct processing through front, mid and back office systems.

The management of Robeco Direct N.V. receives Credit Risk reports on a weekly basis. The Asset and Liability Committee receives monthly Credit Risk reports containing a detailed overview of the different types of exposures and the corresponding capital requirements, as well as an analysis of the changes in the credit risk exposures. The report also includes a description of market developments.

The table below shows the maximum exposure to credit risk for the components of the balance sheet, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

(EUR x 1,000)	**2007**	**2006**
Cash and balance central bank	169,448	99,520
Due from other banks	738,763	644,250
Derivatives	41,797	50,164
Financial assets designated Fair value-through-profit-or-loss	1,089,631	1,406,963
Loans and advances	1,182,584	1,240,716
Financial assets Available-for-sale	3,930,036	3,769,915
Financial assets Held-to-maturity	934,730	1,567,578
Total	**8,086,989**	**8,779,106**
OFF-BALANCE SHEET ITEMS		
Credit-related obligations	620,646	490,807
Total maximum credit risk exposure	**8,707,635**	**9,269,913**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Risk concentrations of the maximum exposure to credit risk
Concentration of risk is managed by counterparty. The maximum credit exposure to any client or counterparty as of 31 December 2007 was EUR 801 million in the category Institutional investors (2006: EUR 613 million within the category Central governments and central banks).

(EUR x 1,000)	2007 EUR	2007 %	2006 EUR	2006 %
Counterparty risk concentrations of the maximum exposure to credit risk				
Central governments and central banks	3,182,077	36.5	4,317,107	46.6
Institutional investors	1,958,901	22,5	1,704,828	18.4
Corporates	495,558	5,7	584,299	6.3
Retail	1,957,784	22,5	1,937,184	20.9
Equity	112,779	1,3	169,370	1.8
Securitizations	1,000,536	11.5	557,125	6.0
Total maximum credit risk exposure	**8,707,635**	**100.0**	**9,269,913**	**100.0**

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For securities lending: cash or securities
- For retail lending: mortgages on residential properties
- For credits: securities

Management monitors the market value of the collateral and requests additional collateral in accordance with the underlying agreement if necessary.

Credit quality per class of financial assets
The credit quality of financial assets is managed by using mostly internal and in certain cases external credit ratings. The table below shows the credit quality by class of asset, based on the applied rating methodology.

At 31 December 2007	**Financial assets that are neither past due nor impaired**			**Past due or individually impaired**	**Total**
(EUR x 1,000)	**High grade**	**Standard grade**	**Sub-standard grade**		
Available-for-sale	3,597,444	320,912	11,680	-	3,930,036
Held-to-maturity	934,730	-	-	-	934,730
Fair value through profit or loss	722,575	356,316	326	10,414	1,089,631
Loans and advances	347,345	719,623	8,553	107,063	1,182,584
Due to other Banks	728,763	10,000	-	-	738,763
Cash and cash equivalents	169,448	-	-	-	169,448
Total	**6,500,305**	**1,406,851**	**20,559**	**117,477**	**8,045,192**

At 31 December 2006	Financial assets that are neither past due nor impaired			Past due or individually impaired	Total
(EUR x 1,000)	High grade	Standard grade	Sub-standard grade		
Available-for-sale	3,516,723	230,483	22,709	-	3,769,915
Held-to-maturity	1,567,578	-	-	-	1,567,578
Fair value through profit or loss	938,593	442,819	13,572	11,979	1,406,963
Loans and advances	789,061	221,187	45	230,423	1,240,716
Due to other Banks	634,250	10,000	-	-	644,250
Cash and cash equivalents	99,520	-	-	-	99,520
Total	**7,545,725**	**904,489**	**36,326**	**242,402**	**8,728,942**

The Company applied a new model for rating of loans and advances linked tot the Basel II requirements in 2007. This resulted in a change of class from high grade to standard grade.

Loan loss allowance
The movements on the loan lossallowance account during the year are as follows.

(EUR x 1,000)	2007			2006		
	Loans and advances	Fair value through profit or loss	Total	Loans and advances	Fair value through profit or loss	Total
Balance at 1 January	**6**	**343**	**349**	-	**442**	**442**
Charge for the year	16	51	67	-	-24	-24
Amounts written off and other charges	-	-	-	6	-75	-69
Balance at 31 December	**22**	**394**	**416**	**6**	**343**	**349**

Aging analysis of past due but not impaired loans per class of financial assets

At 31 December 2007

(EUR x million)	< 30 days past due	> 31 ≤ 60 days past due	> 61 ≤ 90 days past due	> 90 days past due	Total
Financial assets designated Fair value-through-profit- or-loss	7.8	1.5	0.5	0.6	10.4
Loans and advances	92.1	6.4	1.1	7.5	107.1
Total	**99.9**	**7.9**	**1.6**	**8.1**	**117.5**

At 31 December 2006

Financial assets designated Fair value-through-profit- or-loss	9.7	1.0	0.6	0.7	12.0
Loans and advances	143.9	37.0	34.1	15.4	230.4
Total	**153.6**	**38.0**	**34.7**	**16.1**	**242.4**

Of the total amount of gross past due but not impaired loans and advances to customers, the fair value of collateral that the Company held as at 31 December 2007 was EUR 129.2 million (2006: EUR 359.6 million). See 'Collateral and other credit enhancements' for the details of types of collateral held.

Interest rate risk
Interest rate risk is governed by the Interest Rate Risk Policies, which are approved by the Asset and Liability Committee and the Management Board of Robeco Direct N.V. Interest rate risk relates to the Asset and Liability activities within the Bank. The sensitivity of trading book positions to changes in interest rates is measured, monitored and controlled as an integral part of market risk. Interest rate risk in the banking book is part of the Pillar II capital adequacy assessment.

Interest rate risk is measured through the Value at Risk of equity, on a mark-to-market (fair value) basis. Value at Risk is calculated using historical simulation; seven years price history, a 99% one-tailed confidence level and a 1-month holding period. The Value at Risk at year end, at a 99% confidence level and 1-month holding period amounts EUR 3.4 million (year end 2006: EUR 2.2 million) versus a limit of EUR 15 million, excluding the trading positions that are included in the market risk Value at Risk.

Value at Risk calculations are complemented by stress testing and several trading controls. Delta vectors are calculated representing the absolute change in the market value of equity following from a 1-bps shock in a single maturity (time bucket) of the yield curve. Level Control is a control on the overall level of deltas. Curvature Control is in place to detect positions that have an extreme barbell character. Barbell positions tend to be duration-neutral. Finally, steepness Control limits an unequal distribution of positive and negative deltas over the time buckets.

The Bank implemented additional risk metrics for interest rate risk in 2007:

- Income at Risk is a short-term indicator defined as a possible decline in interest income during the next 12 months if interest rates change by a maximum size compared to the interest income if interest rates stay constant. The balance sheet is assumed to be stable. Income at Risk is calculated by running 3 scenarios (stable, up, down) and by determining the worst interest income downswing.
- Earnings at Risk is calculated during the first and second 12-month period after the reporting date, based on scenarios of gradual shifts away from the yield curve, over the course of 12 months, to a value 200 bps above and below the baseline projection.
- Equity at Risk is a measure of long-term interest rate risk. It expresses the sensitivity of the market value of equity to interest rate fluctuations and is defined as the relative (%) change of the market value of equity resulting from a parallel shift of the relevant yield curves of 100 bps. For regulatory reporting, shifts of 200 bps are used.

The management of Robeco Direct N.V. receives Interest Rate Risk reports on a weekly basis. The Asset and Liability Committee receives monthly Interest Rate Risk reports containing an extensive analysis of the interest rate risk exposures and their changes. The report includes a description of market developments, an explanation of changes in the value of the different risk measures, a description of cash flow developments and activities related to portfolio maintenance. It also contains an outlook for the next period.

The tables below summarize the Bank's exposure to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual reprising or maturity dates. The off-balance sheet gap represents the net notional amounts of all interest-rate sensitive derivative financial instruments.

Expected reprising and maturity dates do not differ significantly from the contract dates, except for the maturity of EUR 413.6 million (2006: EUR 425.0 million) of 'Loans and advances' and EUR 6,673.0 million (2006: EUR 6,816.0 million) of 'Due to customers and banks' up to one month, of which 66.7% (2006: 70%) represents balances on current accounts considered by the Company as a relatively stable core source of funding of its operations.

(EUR x 1,000)	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Non-interest-bearing	Total
At 31 December 2007							
ASSETS							
Cash and balance central bank	169,447	-	-	-	-	1	169,448
Due from other banks	511,593	50,000	46,520	-	-	130,650	738,763
Derivatives	31,100	-	-	-	-	10,697	41,797
Financial assets Held for trading	4,871	-	32,001	52,935	73,774	708,475	872,056
Financial assets designated at Fair value-through-profit-or-loss	5,055	27,831	206,455	256,630	593,546	114	1,089,631
Loans and advances	597,507	30,000	7,099	250,416	269,332	28,230	1,182,584
Financial assets Available-for-sale	616,776	735,649	379,689	2,055,409	86,726	55,787	3,930,036
Financial assets Held-to-maturity	150,011	39,998	542,940	197,108	4,673	0	934,730
Other assets	-	-	-	-	-	206,010	206,010
Total assets	**2,086,360**	**883,478**	**1,214,704**	**2,812,498**	**1,028,051**	**1,139,964**	**9,165,055**

(EUR x 1,000)	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Non-interest-bearing	Total
At 31 December 2007							
LIABILITIES							
Due to other banks	1,021,524	-	-	-	-	81,291	1,102,815
Derivatives	6,576	7,407	-	-	-	514,837	528,820
Financial liabilities trading	-	-	-	-	-	3,696	3,696
Due to customers	5,515,372	741,047	407,900	-	19,205	18,504	6,702,028
Issued securities	-	-	2,456	-	-	159,553	162,009
Other liabilities	-	-	-	-	-	219,646	219,646
Subordinated loans	-	37,664	-	-		-	37,664
Total liabilities	**6,543,472**	**786,118**	**410,356**	-	**19,205**	**997,527**	**8,756,678**
On-balance sheet interest sensitivity gap	**-4,457,112**	**97,360**	**804,348**	**2,812,498**	**1,008,846**	**142,437**	
Off-balance sheet interest sensitivity gap	**-5,841**	**-68,461**	**-169,034**	**-484,846**	**-604,284**	**-6,813**	
Total interest sensitivity gap	**4,462,953**	**28,899**	**635,314**	**2,327,652**	**404,562**	**135,624**	

(EUR x 1,000)	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Non-interest-bearing	Total
At 31 December 2006							
ASSETS							
Cash and balance central bank	97,999	-	-	-	-	1,521	99,520
Due from other banks	390,860	124,000	-	102,822	-	26,568	644,250
Derivatives	45,082	217	-	-	-	4,865	50,164
Financial assets Held for trading	-	-	42,863	52,451	136,908	854,386	1,086,608
Financial assets designated at Fair value-through-profit-or-loss	16,629	74,755	94,803	604,689	616,431	-344	1,406,963
Loans and advances	752,680	34,014	18,181	242,149	176,877	16,815	1,240,716
Financial assets Available-for-sale	219,063	669,684	814,279	1,895.858	77,958	93,073	3,769,915
Financial assets Held-to-maturity	-	180,484	470,655	886,871	29,568	-	1,567,578
Other assets	-	-	-	-	-	219,193	219,193
Total assets	**1,522,313**	**1,083, 154**	**1,440,781**	**3,784,840**	**1,037,742**	**1,216,077**	**10,084,907**

(EUR x 1,000)	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Non-interest-bearing	Total
At 31 December 2006							
LIABILITIES							
Due to other banks	1,478,317	-	3,366	-	-	15,648	1,497,331
Derivatives	-	-	-	-	-	863,901	863,901
Financial liabilities trading	-	-	-	-	-	5,982	5,982
Due to customers	5,824,780	954,892	27,680	1,278	15,682	108,860	6,933,172
Issued securities	-	-	2,451	-	-	84,644	87,095
Other liabilities	-	-		-	-	206,937	206,937
Subordinated loans	-	37,664	-	-	-	-	37,664
Total liabilities	**7,303,097**	**992,556**	**33,497**	**1,278**	**15,682**	**1,285,972**	**9,632,082**
On-balance sheet interest sensitivity gap	**-5,780,784**	**90,598**	**1,407,284**	**3,783,562**	**1,022,060**	**-69,895**	
Off-balance sheet interest sensitivity gap	**-8,945**	**-14,874**	**-103,254**	**752,684**	**-975,112**	**-**	
Total interest sensitivity gap	**-5,789,729**	**75,724**	**1,304,030**	**4,536,246**	**46,948**	**-69,895**	

The following liability items presented are part of the IAS 39 category Other liabilities: Due to other banks, Due to customers, Other liabilities and Subordinated loans.

Liquidity risk
The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Bank does not maintain cash resources to meet all these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group Risk & Compliance Committee sets limits on the minimum proportion of maturing funds available to meet such calls and to the marketability of the assets that should be in place to cover withdrawals at unexpected levels of demand. The table below categorizes the liabilities of the Bank into relevant groupings based on the remaining period at balance sheet date to the contractual maturity date.

(EUR x 1,000)

	On demand	Up to 1 month	1-3 month	3-12 months	1-5 years	More than 5 years	No maturity date	Total
At 31 December 2007								
LIABILITIES								
Due to other banks	1,021,524	81,291	-	-	-	-	-	1,102,815
Derivatives	-	144	3,289	9,478	123,206	392,703	-	528,820
Financial liabilities trading	-	-	3,696	-	-	-	-	3,696
Due to customers	5,160,835	372,771	741,047	407,900	-	19,205	270	6,702,028
Issued securities	-	-	-	-	-	-	162,009	162,009
Other liabilities	6,468	192,195	18,125	2,772	70	-	16	219,646
Subordinated loans	-	-	-	-	-	37,664	-	37,664
Total liabilities	**6,188,827**	**646,401**	**766,157**	**420,150**	**123,276**	**449,572**	**162,295**	**8,756,678**
Commitments	620,646	-	-	-	-	-	-	620,646
Total	**6,809,473**	**646,401**	**766,157**	**420,150**	**123,276**	**449,572**	**162,295**	**9,377,324**

(EUR x 1,000)

	On demand	Up to 1 month	1-3 month	3-12 months	1-5 years	More than 5 years	No maturity date	Total
At 31 December 2006								
LIABILITIES								
Total liabilities	**6,926,221**	**782,162**	**907,445**	**62,123**	**128,919**	**740,566**	**84,646**	**9,632,082**
Commitments	490,807	-	-	-	-	-	-	490,807
Total	**7,417,028**	**782,162**	**907,445**	**62,123**	**128,919**	**740,566**	**84,646**	**10,122,889**

Liabilities in the trading-portfolio are not analyzed on the contractual maturity date because trading liabilities are typically held on a short-term basis.

Currency risk
The Bank is exposed to the impact of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The limits on the level of exposure by currency and in total are monitored on a daily basis (trading financial assets and liabilities) or on a monthly basis. The currency risk as of 31 of December is EUR 2,650.

Market Risk

Market risk is governed by the Market Risk Policies that are approved by the Asset and Liability Committee. The purpose of these policies is to protect the capital of the Bank and to allow market risk exposures without compromising Bank's capital or the stability of its earnings. The Bank's use of market risk capacity is primarily oriented towards the facilitation of seeding requests (to build track records or to provide initial or temporary capital) and the hedging of structured products.

The Value at Risk of a portfolio is the maximum loss in the portfolio over a given holding period, at a particular confidence level, assuming that positions cannot be adjusted during the holding period. The Value at Risk methodology represents risk in equivalent units across products traded, permitting consolidation, and effective comparison of risk factors across the various trading activities.

Value at Risk is calculated using historical simulation, one year price history, 97.5% one-tailed confidence level and 1-day holding period. Additional types of Value at Risk (99% one-tailed confidence level, a 10-day holding period) are calculated for regulatory purposes.

Value at Risk calculations are complemented by trading controls, operational restrictions, designed to control behaviour in trading areas and risk factors directly. Trading controls aim to prevent concentrations of exposures in risk factors and serve to influence the portfolio structure. Dealings may only be undertaken in authorised products to secure correct processing through front, mid and back office systems.

Limits and trading controls are monitored for excesses on a daily basis. Changes in limits and trading controls and excesses require approval from the Head of Global Risk Management, the Asset and Liability Committee or risk committees at a Rabobank Group level, depending on the scope or severity.
The Asset and Liability Committee receives monthly market risk reports. These reports contain a market risk monitor, focusing on the development of Value at Risk and back-test results for the actual and hypothetical gains and losses. Additionally, the report contains requests for limit and trading control changes, as well as a summary of excesses over the reporting period.

The Value at Risk at 31 December 2007, at a 97.5% confidence level and a 1-day holding period amounts to EUR - 0.9 million (31 December 2006: EUR - 0.9 million) versus a limit of EUR - 2.3 million.

Market risk is calculated using the Value at Risk engines in Rabobank International's Global Market Risk infrastructure. Value at Risk is calculated using historical simulation with a sample period of twelve months of unweighted daily data. For each equity instrument, interest rate and foreign exchange rate, individual risk factors are defined. The history of market risk factors is obtained from different suppliers and is stored in a historical database. Data are evaluated and diagnosed for data outliers on a daily basis.

Three Value at Risk types are calculated: a 97.5% confidence interval, a 1 day close-out period for limit-setting and daily monitoring purposes, a 99% confidence interval, a 1 day close-out period to demonstrate model integrity to the national supervisor and a 99% confidence interval, a 10 day close-out period to determine regulatory capital (note that for the Company, regulatory capital for market risk is currently calculated using the Standard Approach).

To demonstrate model integrity, a 1-day 99% Value at Risk is back-tested against hypothetical and actual gains and losses, on a daily basis.

The main benefit of the historical simulation approach is that it does not prescribe a specific distribution of price shocks through time. The main disadvantage is the relative importance of the definition of the sample period. To complement Value at Risk calculations, Rabobank has an extensive stress program in place. The Bank is in the process of joining in this program.

Fair values of financial assets and liabilities

The table below represents the fair value of financial instruments, including those not reflected in the financial statements at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(EUR x 1,000)	2007		2006	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
At 31 December				
Cash and balance central bank	169,448	169,448	99,520	99,520
Due from other banks	738,763	738,763	644,250	644,250
Derivatives	41,797	41,797	50,164	50,164
Financial assets Held for trading	872,056	872,056	1,086,608	1,086,608
Financial assets designated Fair value-through-profit- or-loss	1,089,631	1,089,631	1,406,963	1,406,963
Loans and advances	1,182,584	1,221,106	1,240,716	1,266,416
Financial assets Available-for-sale	3,930,036	3,930,036	3,769,915	3,769,915
Financial assets Held-to-maturity	934,730	930,732	1,567,578	1,562,389

(EUR x 1,000)	2007		2006	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
At 31 December				
Due to other banks	1,102,815	1,102,815	1,497,331	1,497,331
Derivatives	528,820	528,820	863,901	863,901
Other liabilities trading	3,696	3,696	5,982	5,982
Due to customers	6,702,028	6,702,028	6,933,172	6,933,172
Issued securities	162,009	162,009	87,095	87,095
Other liabilities	219,646	219,646	206,937	206,937
Subordinated loans	37,664	37,664	37,664	37,664

For financial instruments carried at fair value, market prices or rates are used to determine the fair value where an active market exists (such as a recognized stock exchange), as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held by the Company. If therefore no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet dates.

The values derived from applying these techniques are significantly affected by the choice of valuation model used and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk.

The following methods and assumptions have been applied in determining the fair values of the financial instruments presented in the table above, both for financial instruments carried at fair value, and those carried at cost (for which fair values are provided as a comparison):

1. Trading financial assets and liabilities, financial assets designated at fair value and derivatives are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or other recognized valuation techniques. Fair value is equal to the carrying amounts of these items;
2. Financial assets classified as Available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques;
3. The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date, i.e. their carrying values at this date;
4. The carrying amount of cash and cash equivalent assets and other assets maturing within 12 months is assumed to approximate their fair values. This assumption is applied to cash and cash equivalent assets and the short-term elements of all other financial assets and liabilities;
5. The fair value of variable rate financial assets is assumed to be approximated by their carrying amounts and, in the case of mortgages, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognized separately by deducting the amount of the impairment from both carrying and fair value values;
6. The fair value of fixed rate loans and mortgages carried at amortized cost is estimated by using discounted cash flow calculations based upon current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair value, as the impact of credit risk is recognized separately by deducting the amount of the impairment from both carrying and fair value values.

The table below presents the valuation methods used to determine the fair values of financial instruments carried at fair value:

Valuation methodology (EUR x million)		2007 Fair value	%	2006 Fair value	%
Quoted market prices	**Assets**				
	Financial assets Available-for-sale	3,859.6	98%	3,704.0	98%
	Non-trading financial assets at Fair value through profit or loss	673.9	62%	350.1	24%
	Financial assets Held for trading	68.8	7%	82.0	7%
Valuation techniques - market observable inputs	**Assets**				
	Financial assets Available-for-sale	58.4	1%	51.1	1%
	Non-trading financial assets at Fair value through profit or loss	415.7	38%	1,056.8	76%
	Financial assets Held for trading	803.2	93%	1,004.6	93%
	Derivatives	41.8	100%	50.1	100%
	Liabilities				
	Derivatives	528.8	100%	863.9	100%
Valuation techniques – non-market observable inputs	**Assets**				
	Financial assets Available-for-sale	12.0	1%	14.8	1%

Capital

At year end the total equity amounted to EUR 400,3 million. The BIS ratio, the bank's solvency ratio, was 13.0 %, well in excess of the minimum required statutory norm of 8% as set by the Dutch Central Bank, De Nederlandsche Bank N.V.

Regulatory capital

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit, foreign currency translation and minority interests less accrued dividends, net long positions in own shares and goodwill. Certain adjustments are made to IFRS-based results and reserves, as prescribed buy the Dutch Central Bank. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt, preference shares and revaluation reserves.

(EUR x 1.000)	2007	2006
Actual		
Tier 1 capital *	393,592	398,441
Tier 2 capital *	37,664	37,664
Total actual capital	**431,256**	**436,105**
Total required capital	**280,031**	**248,550**
Risk weighted assets *	**3,033,047**	**2,764,010**
Tier 1 capital ratio	13.0%	14.4%
Total capital ratio	14.2%	15.8%

*Figures as reported to the Dutch Central bank as at 31 December 2007 and 2006 respectively.

41. Related party disclosure

The following subsidiaries are currently included in the consolidated financial statements of Robeco Direct N.V.

Name	Country of incorporation	% equity interest 2007	2006
Banque Robeco S.A.	France	99.9	99.9
Robeco Diversified Trading sub fund *	Luxembourg	-	100
WPG Distressed Special Situations Overseas *	USA	-	83
WPG Event-Driven Multi Strategy Overseas L.P. *	USA	93	93
Robeco Structured Finance Fund Listed Private Equity L.P. *	Luxembourg	99	-
Robeco Sage International II Ltd.	USA	-	95
VCM Emerging Managers Fund*	Luxembourg	98	-
CGF Robeco US Midcap Equities*	Luxembourg	95	99
CGF Robeco US Value Equities *	Luxembourg	100	-
CGF Robeco MBS Income Plus *	Luxembourg	100	-
Aequitrend *	Luxembourg	100	-
Cumulent B.V. **	Netherlands	100	-

* These entities are funds temporarily controlled by the Company due to seed capital activities.

** In 2007 the Company increased its interest in the share capital of Cumulent B.V to 100%. From the date the full control of Cumulent B.V. commenced, the financial statement of Cumulent B.V. are accounted for by integral consolidation and is Cumulent B.V. accounted for as a subsidiary.

In addition to these subsidiaries, the following related parties can be distinguished:

- The Rabobank Group; consisting of the parent entity of Robeco Groep N.V.; Rabobank Nederland, as well as entities under the common control of the Company.
- Robeco Groep N.V. consisting of the parent entity of Robeco Direct N.V.

The table below shows the total income and expenses as well as balance sheet positions which are the result of transactions with the aforementioned related parties for the relevant year.

(EUR x 1,000)	Total related parties 2007	2006
Income statement regarding related parties		
Operating income	26,038	2,646
Operating expenses	72,456	56,076
Operating profit before Tax	**-46,418**	**-53,430**

(EUR x 1,000)	Total related parties 2007	2006
Balance sheet regarding related parties		
ASSETS	819,481	502,954
TOTAL ASSETS	**819,481**	**502,954**
LIABILITIES	1,000,455	1,382,452
TOTAL LIABILITIES	**1,000,455**	**1,382,452**

The transactions with related parties relate to the management fees received from the funds as well as maintenance fees paid. In addition, an interest result is made on transactions with Rabobank. Interest expense and interest income relate to the interest paid to Rabobank regarding among others the subordinated loans.

The assets shown consist mainly of investments, derivatives and cash and short term deposits for which the Company has relationships with Rabobank.

Terms and conditions
The sales to and purchases from related parties are made at arm's length market prices. Outstanding receivables or payables at year–end are unsecured, and interest free, with settlement being in cash. The Company has not formed a provision for doubtful debts relating to amounts owed by related parties (2006: nil), because the risks involved are not considered material. This assessment is made each year by examining the financial position of the related party and the market in which the party operates.

Remuneration of key management personnel
Both the Management Board and the Supervisory Board are acknowledged as key management personnel due to having authority and responsibility for planning, directing and controlling activities of the Company.

The Management Board is not entitled to salaries and benefits from the Company due to the fact that the Management Board is employed by Robeco Nederland B.V. Robeco Nederland B.V is part of Robeco Groep N.V. Reference is made to the annual accounts of Robeco Groep N.V. for information on the remuneration of the Management Board.

Members of the Supervisory Board do not receive any remuneration from the Company.

The remuneration of the Management Board is set by the Supervisory Board on the recommendation of the Nomination, Remuneration & Corporate Governance Committee. The total remuneration package is compared with external market conditions every two years and adjusted accordingly, if necessary.

42. Segment information

The primary segment reporting format is determined to be business segments. The operating business are organized and managed separately according to the nature of the products and services provided, with each segment representing different business units.

For management purposes, the bank is organized into three business segments:

Retail Banking	- Distribution services.
Asset and Liability Management	- Banking activities, mainly individual client' deposits and providing client loans.
Other	- Providing supporting activities to retail and banking. Also providing investment activities.

The Business of Robeco Direct N.V. is mainly generated in The Netherlands and is not geographically driven. For this reason a geographic segmentation is not presented.

Segmentation 2007

(EUR x 1,000))	Retail Banking	Asset and Liability Management	Other	Total
Income Statement				
Interest income	1,065	354,895	12,591	368,551
Interest expense	-	-292,212	-26,386	-318,598
Fee and commission income	45,913	22,702	3,735	72,350
Fee and commission expense	-3,826	-2,281	-1,819	-7,926
Results on financial assets designated at Fair value through profit or loss	-	-9,529	-	-9,529
Results on financial assets Available-for-sale	-	15,018	1,563	16,581
Results on financial assets Held for trading	-957	13,063	10,958	23,064
Other income	-	7,660	19,995	27,655
Net Operating Income	**42,195**	**109,316**	**20,637**	**172,148**
Total operating expenses				**104,561**
Operating Profit before Tax				**67,591**
Income Tax				17,309
Profit for the year				**50,282**
Assets and Liabilities				
Segment Assets	26,783	7,962,600	1,176,618	9,166,001
Total assets	**26,783**	**7,962,600**	**1,176,617**	**9,166,001**
Segment Liabilities	11,100	7,948,733	805,820	8,765,653
Total liabilities	**11,100**	**7,948,733**	**805,820**	**8,765,653**
Other segment information				
Capital expenditure				
- Property and equipment	-	424	-	424
- Intangible assets	-	113	-	113
Depreciation and amortization expenses	-	421	-	421
Impairment result	-	67	-	67

Segmentation 2006

(EUR x 1,000))	Retail Banking	Asset and Liability Management	Other	Total
Income Statement				
Interest income	870	344,811	4,156	349,837
Interest expense	-	-273,723	-6,680	-280,403
Fee and commission income	45,090	20,446	4,509	70,045
Fee and commission expense	-3,330	-1,884	-3,017	-8,231
Results on financial assets designated at Fair value through profit or loss	-	-41,285	-	-41,285
Results on financial assets Available-for-sale	-	728	-	728
Results on financial assets Held for trading	-225	45,578	14,332	59,685
Other income	1,180	4,711	4,915	10,806
Net Operating Income	**43,585**	**99,382**	**18,215**	**161,182**
Total operating expenses				**94,688**
Operating Profit before Tax				**66,494**
Income Tax				20,729
Profit for the year				**45,765**
Assets and Liabilities				
Segment Assets	110,616	8,657,208	1,318,105	10,085,929
Total assets	**110,616**	**8,657,208**	**1,318,105**	**10,085,929**
Segment Liabilities	92,272	8,608,326	940,695	9,641,293
Total liabilities	**92,272**	**8,608,326**	**940,695**	**9,641,293**
Other segment information				
Capital expenditure				
- Property and equipment		604	-	604
- Intangible assets		194	-	194
Depreciation and amortization expenses		600	-	600
Impairment result		-24	-	-24

43. Transition to IFRS

In accordance with IFRS 1 'First-time Adoption of International Financial Reporting Standards' and other relevant standards, the Company has applied IFRS as at 31 December 2007 in its financial reporting with effect from 1 January 2006. Previously, the Company followed Dutch accounting standards. The 2006 annual report of the Company was prepared in accordance with accounting principles generally accepted in the Netherlands. These accounting policies are mentioned in the annual report 2006 of the Company. The Dutch Accounting Standards used in the 2006 annual accounts were aligned as much as possible with IFRS because of the fact that the parent company of Robeco Direct N.V. , Robeco Groep N.V., already applied IFRS in 2005.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' sets out the procedures that the Company is required to follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Company is required to establish its IFRS accounting policies as at 31 December 2007 and, in general, apply these retrospectively to determine its opening balance sheet at its date of transition (1 January 2006) and subsequent information. IFRS provides a number of optional exemptions to its general principle.

The most significant exemptions are set out below, together with a description of the adopted treatment under IFRS by the Company:

<u>Cumulative transition differences (IAS 21):</u> The Company has elected under IFRS 1 not to comply with the requirements for IAS 21 at the first-time adoption and uses the allowed exemption possibility. At the transition date, all cumulative translation gains and losses are deemed to be zero, and the gain or loss on a subsequent disposal shall exclude translation differences that arose before the date of transition. As of the date of transition the new translation differences are presented as a separate component of equity (foreign currency translation reserve). In case of a future disposal of a foreign operation the cumulative translation differences for that foreign operation will be transferred to the consolidated income statement as part of the gain or loss on that disposal. At 1 January 2006 the foreign currency translation has been transferred to the retained earnings.

Explanation of transition to IFRS: Reconciliation Dutch GAAP – IFRS
As stated in the basis of preparation, these are the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in note 4 have been applied in preparing the financial statements for the year ended 31 December 2007, the comparative information presented for the year ended 31 December 2006 and the opening IFRS balance sheet at 1 January 2006 (the Company's date of transition).
In preparing its opening IFRS balance sheet, the Company has restated amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (Dutch GAAP). Details as to how the transition from Dutch GAAP to IFRS has affected the Company's financial position and financial performance are set out in the table below and the accompanying notes.

Summary reconciliation of changes in equity as at 31 December 2006:

(EUR x 1,000)	Note	31 December 2006	1 January 2006
Equity under Dutch GAAP		**445,909**	**485,189**
Changes			
Higher retained earnings because of a higher profit being realized because unrealized losses on financial assets Available for sale are not reported in the profit or loss account	a	21,856	5,749
Lower revaluation reserve financial assets Available-for- sale because unrealized losses on financial assets Available-for-sale are being debited to the revaluation reserve	b	-23,129	-5,790
Total changes		-1,273	-41
Equity under IFRS		**443,363**	**485,148**

Details of the IFRS adjustments are set out below.

a) Retained earnings
In 2006 the unrealized losses on the financial assets Available for sale amount to EUR 31,045. Following Dutch GAAP these losses were debited to the profit and loss leading to a lower profit. Following IFRS (IAS 39) these unrealized losses are debited to the revaluation reserve being a part of Equity. The income tax being charged on the higher profit of EUR 31,045 amounts to EUR 9,189 using the 2006 income tax rate of 29,6 %. The net effect on the retained earnings equals the higher net profit of EUR 21,856.

b) Revaluation reserve financial assets Available-for- sale
Following the above mentioned difference between Dutch GAAP and IFRS in accounting for unrealized losses on the financial assets Available for sale, the revaluation reserve is EUR 23,129 (01-01-2006: 5,790) lower, following IFRS. The amount being charged to the reserve following unrealized losses must be the net amount after tax. The change in the reserve due to transition to IFRS can therefore be specified as follows; unrealized losses on financial assets Available-for-sale EUR 31,045, income tax effect EUR 7,916 (01-01-2006: 2,377).

The impact of the afore mentioned changes on the income tax as at 31 December 2006 can be split as follows:

(EUR x 1,000)	Related to note	31 December 2006	1 January 2006
Income tax with respect to:			
Unrealized losses on financial assets Available for sale not charged to the profit or loss account	a	-9,189	-2,417
Unrealized losses on financial assets Available for sale charged to the revaluation reserve financial assets Available-for- sale	b	7,916	2,377
Total		**-1,273**	**-41**

The difference between the tax effects on the net profit and the revaluation reserve follows from the use of different income tax percentages. The profit 2006 is to be charged with the income tax tariff of 2006 being 29,6 %. The income tax effect in the change of the revaluation reserve has been calculated using the tariff applicable for 2007 and further of 25,5 %, following the reasoning that these losses will impact the tax to be paid in years after 2006.

Summary reconciliation of changes in the consolidated income statement for the year ended 31 December 2006

Under Dutch GAAP the Company presents a net profit for the year 2006 of EUR 23,454. Under IFRS the net profit for the year 2006 amounts to EUR 45,310. Details of the IFRS adjustments are set out below.

Consolidated results Robeco Direct N.V.
(EUR x 1,000)

Net profit for the year Dutch GAAP	**23,454**
IFRS Adjustments	
Unrealized losses on financial assets Available for sale are not reported in the profit or loss account	31,045
Income tax	9,189
Total IFRS adjustments	**21,856**
Net Profit for the year IFRS	**45,310**

The adjustment in the net profit and the accompanying tax effects are disclosed above following the tables on changes in equity and income tax

Summary reconciliation of changes in the consolidated cash-flow statement for the year ended 31 December 2006

The method of the presentation of the consolidated cash-flow statement is not different under IFRS. However, as shown above, the accounting for specific balance sheet items differs from Dutch GAAP. For the consolidated cash-flow statement this resulted in an adjustment to the net profit. In comparison to Dutch GAAP the purchases and proceeds of the financial assets are specified in each financial class as used in the IFRS compliant balance sheet.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

44. Cash flow from operating activities

An adjustment is made to the operating profit for the depreciation of property and equipment and the amortization of the intangible assets. The results of financial assets are related to the amortization and results of the financial assets.

45. Cash flow from investing activities

Interest received is the cumulated amount of the amounts received on the current accounts of the Company and the interest received from banking operations.

Purchases and sales of property, and equipment and financial fixed assets are based on the consolidated purchase and sale prices. Deferred payments on the purchases and sales are reported as movements in working capital (short-term payments) or under long-term liabilities for the payment obligations due after more than one year.

Intangible assets consist of purchased capitalized software.

46. Cash flow from financing activities

Interest paid is the cumulated amount of the amounts paid on the current accounts and the long-term liabilities of the Company and the interest paid from banking operations.

Cash flow from financing activities moved in 2007 due to paid dividend to shareholder.

Company Financial Statements 2007
Robeco Direct N.V. 2007

COMPANY INCOME STATEMENT (for the years ended 31 December)

(EUR x 1,000)	2007	2006
Operating income	153,386	136,265
Operating expenses	85,204	75,203
Operating profit before tax	**68,182**	**61,062**
Income tax expense	16,948	19,822
Income from investments in subsidiaries and associates after tax	524	-
Profit for the year	**51,758**	**41,240**

COMPANY BALANCE SHEET at 31 December

(EUR x 1,000)		**2007**	**2006**
Assets			
Cash and balance central bank		169,053	98,583
Due from other banks		679,858	637,553
Derivatives		40,842	50,041
Financial assets Held for trading		830,455	1,032,558
Financial assets designated at Fair value-through profit or loss		1,089,326	1,391,708
Loans and advances		1,170,798	1,234,112
Financial assets Available-for-sale		3,930,036	3,769,916
Financial assets Held-to-maturity		934,732	1,567,578
Investments in subsidiaries and associates	51	88,266	68,063
Property and equipment		-	218
Intangible assets		-	98
Other assets		190,135	214,450
Total assets		**9,123,501**	**10,064,878**

(EUR x 1,000)	Notes	**2007**	**2006**
Equity and Liabilities			
Due to other banks		1,118,587	1,547,563
Derivatives		527,874	863,901
Due to customers		6,669,925	6,892,361
Issued securities		162,009	84,624
Deferred income tax liabilities		8,341	8,436
Other liabilities		203,562	196,822
Subordinated loans		37,664	37,664
Total liabilities		**8,727,962**	**9,631,371**
Equity attributable to equity holders of the parent	53		
Issued capital		340	340
Share premium		145,323	145,323
Retained earnings		293,504	287,057
Reserve net unrealized results		-39,894	1,068
Foreign currency translation reserve		-3,734	-184
Total equity		**395,539**	**433,604**
Total equity and liabilities		**9,123,501**	**10,064,878**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the years ended 31 December 2007 and 31 December 2006

(EUR x 1,000)	Attributable to equity holders of the parent					Total equity
	Issued capital	Share premium	Available-for-sale reserve	Foreign currency translation reserve	Retained earnings	
At 1 January 2007	**340**	**145,323**	**1,068**	**-184**	**287,057**	**433,604**
Net unrealized results on financial assets Available-for-sale	-	-	-38,389	-	-	-38,389
Realized gains and losses on financial assets Available-for-sale reclassified to the income statement	-	-	-16,581	-	-	-16,581
Tax effect of net result on financial assets Available-for-sale	-	-	14,008	-	-	14,008
Foreign currency translation	-	-	-	-3,550	-	-3,550
Total income and expense for the year recognized directly in equity	**-**	**-**	**-40,962**	**-3,550**	**-**	**-44,512**
Profit for the year	-	-	-	-	51,758	51,758
Dividend payment					-45,312	-45,312
Total income and expense for the year	**-**	**-**	**-40,962**	**-3,550**	**6,446**	**-38,066**
At 31 December 2007	**340**	**145,323**	**-39,894**	**-3,734**	**293,504**	**395,539**
Adjustment income from investments in subsidiaries and associates after tax 2007					-1,374	-1,374
Adjustment income from investments in subsidiaries and associates after tax previous years					4,070	4,070
At 31 December 2007 in consolidated statements	**340**	**145,323**	**-39,894**	**-3,734**	**296,200**	**398,235**

(EUR x 1,000)	Attributable to equity holders of the parent					Total equity
	Issued capital	Share premium	Available-for-sale reserve	Foreign currency translation reserve	Retained earnings	
At 1 January 2006	**340**	**145,323**	**21,741**	**-**	**245,817**	**413,221**
Net unrealized results on financial assets Available-for-sale	-	-	-28,380	-	-	-28,380
Realized gains and losses on financial assets Available-for-sale reclassified to the income statement	-	-	-729	-	-	-729
Tax effect of net result on financial assets Available-for-sale	-	-	8,436	-	-	8,436
Foreign currency translation	-	-	-	-184	-	-184
Total income and expense for the year recognized directly in equity	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	-	-	-	-	41,240	41,240
Total income and expense for the year	**-**	**-**	**-20,673**	**-184**	**41,240**	**20,383**
At 31 December 2006	**340**	**145,323**	**1,068**	**-184**	**287,057**	**433,604**
Adjustment income from investments in subsidiaries and associates after tax	-	-	-	-	4,070	4,070
At 31 December 2006 in consolidated statements	**340**	**145,323**	**1,068**	**-184**	**291,127**	**437,674**

Issued capital
The authorized share capital amounts to EUR 1.0 million (2006: EUR 1.0 million) consisting of 200.000 shares with a nominal value of EUR 1 each, of which EUR 340,340 is paid in full.

Shareholders are entitled to receive dividends when declared and are entitled to vote on a one vote per share basis at the Company's shareholder meetings.

Share premium
The share premium reserve was set at the time of the sale of the shares at a price above the par value.

Reserve net unrealized results
The reserve net unrealized results concern the fair value changes on the Available-for-sale investments.

Foreign currency translation reserve
The foreign currency translation reserve includes the exchange rate differences arising from the translation of the financial statements of foreign subsidiaries. It also includes the effect of hedging the net investments in the foreign subsidiaries.

Retained earnings
Movements result from the addition of the profit for the year.

ACCOUNTING POLICIES FOR THE COMPANY FINANCIAL STATEMENTS

47. General accounting policies

The accounting policies used in the corporate financial statements are in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

The accounting policies is used are described in note 5 except for investment in subsidiaries and associates.

48. Investment in subsidiaries and associates

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable or convertible are taken into account if the Company has more than 50% of the voting rights.

An associate is an entity over which the Company has significant influence (normally 20%-50% of the voting rights) and which is neither a subsidiary nor a joint venture. The financial statements of the associate are used by the Company to apply the equity method. The reporting dates of the associate and the Company are identical and both use uniform accounting policies. The income statement reflects the Company's share of the associate's operating profit. Where a change has been recognized directly in the associate's equity, the Company recognizes its share of that change and discloses this in the statement of changes in equity.

On acquisition of an investment any difference between the cost of an investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill, which is included in the carrying value of the associate.

Subsidiaries are accounted for in the company financial statements at their cost value.

NOTES TO THE COMPANY INCOME STATEMENT

49. Income statement

For disclosures on the following categories in the income statement reference is made to the consolidated statements:

Interest income
Interest expense
Fee and commission income
Fee and commission expense
Results on financial assets designated at Fair value through profit or loss
Results on financial assets Available-for-sale
Results on financial assets Held for trading
Other income
Employee benefits
Administrative expenses
Depreciation and amortization expenses
Impairment result
Other operating expenses
Income tax

NOTES TO THE COMPANY BALANCE SHEET

50. Assets

For disclosures on the following asset categories reference is made to the consolidated statements:

Cash and balance at central bank
Due from other banks
Derivatives
Financial assets Held for trading
Financial assets designated Fair value-through-profit- or-loss
Loans and advances
Financial assets Available-for-sale
Financial assets Held-to-maturity
Property and equipment
Intangible assets
Other assets

51. Investments in subsidiaries and associates

Movements in Investments in group and associated companies were as follows during 2006 and 2007:

(EUR x 1,000)	**2007**	**2006**
Value of subsidiaries and associates at 1 January	68,063	55,317
Acquisition of group companies	62,710	31,072
Disinvestment of group companies	-38,957	-16,010
Revaluation of subsidiaries	-3,550	-2,316
Investment in subsidiaries and associates at 31 December	**88,266**	**68,063**

52. Liabilities

For disclosures on the following liability categories reference is made to the consolidated annual report:
Due to other banks
Derivatives
Financial liabilities trading
Due to customers
Issued securities
Deferred tax liabilities
Other liabilities
Provisions
Subordinated loans

53. Equity attributable to equity holders of the parent

For disclosures on Equity attributable to equity holders of the parent reference is made to Equity attributable to equity holders of the parent in the consolidated annual report and Company statement of changes in equity in the Company Financial statements.

54. Other

As the Company's income statement for 2007 is included in the consolidated financial statements, a summary income statement is sufficient to comply with the provisions of article 402 of Book 2 of the Dutch Civil Code. For more detailed information, please refer to the section Basis of consolidation drawn up for the consolidated balance sheet and income statement of Robeco Direct N.V.

Rotterdam, 30 May 2008

The Management Board
The Supervisory Board

OTHER INFORMATION

Articles of Association rules governing profit appropriation

Under Article 22 of the Articles of Association, the profit available for distribution shall be at the disposal of the General Meeting of Shareholders.

Profit appropriation

It is proposed to distribute the total profit of EUR 50.3 million to the shareholder.

To: The Shareholder, the Supervisory Board and the Management Board of Robeco Direct N.V.

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the financial statements 2007 Robeco Direct N.V., Rotterdam, which comprise the consolidated and company balance sheet as at 31 December, 2007 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Robeco Direct N.V. as at 31 December, 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 30 May 2008

for Ernst & Young Accountants

signed by Kees de Lange