



Rabobank Group



Financial
Statements
2001
and other
information

Rabobank Group

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This is a translation of the Dutch Report. In the event of any conflict in interpretation, the Dutch original takes precedence.

This document and the separate publication 'Rabobank Group annual report 2001' together form the annual report, financial statements and other information of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA.



Rabobank Group

Consolidated balance sheet

at 31 December 2001 (after profit appropriation)

| (in EUR millions) | 2001 | 2000 |
|---|----------------|----------------|
| Activa | | |
| Cash (1) | 3,736 | 3,086 |
| Short-term government paper (2) | 5,311 | 7,362 |
| <i>Professional securities transactions</i> | 28,359 | 28,485 |
| <i>Other banks</i> | <u>11,719</u> | <u>9,879</u> |
| Banks (3) | 40,078 | 38,364 |
| <i>Public sector lending</i> | 761 | 823 |
| <i>Private sector lending</i> | 197,262 | 179,137 |
| <i>Professional securities transactions</i> | <u>10,591</u> | <u>11,706</u> |
| Lending (4) | 208,614 | 191,666 |
| Interest-bearing securities (5) | 78,680 | 73,610 |
| Shares (6) | 12,556 | 15,850 |
| Participating interests (7) | 156 | 567 |
| Property and equipment (8) | 3,756 | 3,392 |
| Other assets (9) | 4,365 | 2,590 |
| Prepayments and accrued income (10) | 6,367 | 6,433 |
| | <hr/> | <hr/> |
| Total assets | 363,619 | 342,920 |

| (in EUR millions) | 2001 | 2000 |
|---|-----------------------|-----------------------|
| Liabilities | | |
| <i>Professional securities transactions</i> | 17,076 | 28,429 |
| <i>Other banks</i> | <u>62,938</u> | <u>55,462</u> |
| Banks (11) | 80,014 | 83,891 |
| <i>Savings</i> | 63,060 | 55,575 |
| <i>Professional securities transactions</i> | 8,485 | 17,239 |
| <i>Other funds entrusted</i> | <u>100,629</u> | <u>73,891</u> |
| Funds entrusted (12) | 172,174 | 146,705 |
| Debt securities (13) | 58,514 | 49,887 |
| Other liabilities (14) | 12,258 | 22,862 |
| Accruals and deferred income (15) | 4,187 | 6,844 |
| Provisions (16) | <u>16,173</u> | <u>14,753</u> |
| | 343,320 | 324,942 |
| <i>Fund for general banking risks (17)</i> | 1,679 | 1,666 |
| <i>Subordinated loans (18)</i> | 52 | 53 |
| <i>Reserves (19)</i> | 14,914 | 13,108 |
| <i>Third-party interests (20)</i> | <u>3,654</u> | <u>3,151</u> |
| Group equity | 20,299 | 17,978 |
| Total liabilities | <u>363,619</u> | <u>342,920</u> |
| Contingent liabilities (21) | 9,652 | 10,292 |
| Irrevocable facilities (22) | 25,674 | 38,583 |

Consolidated profit and loss account

for 2001

| (in EUR millions) | 2001 | 2000 |
|---|--------------|--------------|
| Income | | |
| <i>Interest income (23)</i> | 20,020 | 18,408 |
| <i>Interest expense (24)</i> | 14,960 | 13,823 |
| Interest | 5,060 | 4,585 |
| Income from securities and participating interests (25) | 517 | 759 |
| <i>Commission income (26)</i> | 1,996 | 1,659 |
| <i>Commission expense (27)</i> | 214 | 192 |
| Commission | 1,782 | 1,467 |
| Results on financial transactions (28) | 422 | 314 |
| Other income (29) | 653 | 635 |
| Total income | 8,434 | 7,760 |
| Expenses | | |
| <i>Staff costs (30)</i> | 3,434 | 3,099 |
| <i>Other administrative expenses (31)</i> | 2,032 | 1,886 |
| Staff costs and other administrative expenses | 5,466 | 4,985 |
| Depreciation (32) | 368 | 474 |
| Operating expenses | 5,834 | 5,459 |
| Value adjustments to receivables (33) | 480 | 360 |
| Value adjustments to financial fixed assets (34) | 59 | 9 |
| Addition to fund for general banking risks (35) | - | 52 |
| Total expenses | 6,373 | 5,880 |
| Operating profit before taxation | 2,061 | 1,880 |
| Taxation on operating profit (36) | 578 | 507 |
| Operating profit/Group profit after taxation | 1,483 | 1,373 |
| Third-party interests (37) | 192 | 179 |
| Net profit | 1,291 | 1,194 |

Cash flow statement

| (in EUR millions) | 2001 | 2000 |
|--|----------------|----------------|
| Cash flow from operational activities | | |
| Operating profit/Group profit after taxation | 1,483 | 1,373 |
| <i>Adjustments for:</i> | | |
| - depreciation | 368 | 474 |
| - value adjustments to receivables | 480 | 360 |
| - value adjustments to financial fixed assets | 59 | 9 |
| - addition to Fund for general banking risks | - | 52 |
| - movements in technical reserves relating to the insurance business | 1,439 | 1,358 |
| - movements in other provisions | (19) | 367 |
| - movements in accrued and deferred items | (2,591) | 2,358 |
| | (264) | 4,978 |
| Cash flow from business operations | 1,219 | 6,351 |
| Movements in short-term government paper | 2,051 | (6,183) |
| Movements in securities trading portfolio | 198 | (17,989) |
| Movements in securitised loans | 159 | 1,728 |
| Movements in banks | (4,294) | 10,478 |
| Movements in lending | (17,428) | (21,025) |
| Movements in funds entrusted | 25,469 | 19,178 |
| Other movements from operational activities | (8,878) | 4,587 |
| | (2,723) | (9,226) |
| Net cash flow from operational activities | (1,504) | (2,875) |
| Cash flow from investing activities | | |
| Investments and purchases | | |
| - investment portfolios | (35,864) | (44,949) |
| - participating interests | (39) | (444) |
| - tangible fixed assets | (869) | (781) |
| | (36,772) | (46,174) |
| Disposals, redemptions and sales | | |
| - investment portfolio | 29,676 | 42,334 |
| - participating interests | 457 | 42 |
| - tangible fixed assets | 202 | 206 |
| | 30,335 | 42,582 |
| Net cash flow from investing activities | (6,437) | (3,592) |
| Cash flow from financing activities | | |
| Rabobank membership certificates | 1,384 | 892 |
| Movements in subordinated loans | (1) | (7) |
| Movements in debt securities | 8,627 | 5,875 |
| Payment on Rabobank membership certificates and Trust Preferred Securities | (122) | (76) |
| Net cash flow from financing activities | 9,888 | 6,684 |
| Net cash flow | 1,947 | 217 |

The cash flow statement provides a summary of the net movements in operational, investing and financing activities. Cash and cash equivalents consist of legal tender and balances available on demand with central banks.

Notes

Basis of consolidation

The consolidated financial statements of Rabobank Group include the financial information of Rabobank Nederland and the local member banks, as well as the financial information of other group companies.

The assets, liabilities and results of these companies are consolidated in full. Third-party interests are disclosed separately. Joint ventures are included in the consolidated financial statements in proportion to the Bank's share. Account balances between the banking activities and the insurance activities are eliminated insofar as they arise from financing activities.

The consolidated financial statements form part of the financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA ('Rabobank Nederland') and are referred to as the financial statements of Rabobank Group. The difference between the equity and results as presented in the financial statements of Rabobank Group and in the financial statements of Rabobank Nederland can be attributed to the equity and results of the local member banks affiliated to Rabobank Nederland, Rabohypotheekbank NV and Onderlinge Waarborgmaatschappij Rabobanken BA.

The financial statements comply practically entirely with the Guidelines for Annual Reporting in the Netherlands decreed by the Dutch Council for Annual Reporting.

Unless otherwise stated, all amounts disclosed in these notes are in millions of euros.

Changes in classification and accounting policies with effect from 2001

With effect from 2001, commitments relating to accrued holidays and additional leave days are accounted for under accruals and deferred income. As a result, EUR 50 million was charged to other reserves.

From 1 January 2001, in conformity with the Guideline for Banks forming part of the Guidelines for Annual Reporting in the Netherlands, temporary other investments are carried at market value. In previous years, these investments were carried at the lower of cost and market value. To reflect this change in accounting policy, the revaluation reserves were increased by EUR 167 million.

In previous years, positions on trading activities were valued at middle market prices. With effect from 2001, the costs of eliminating market risk, the expected credit risk and administrative expenses are taken into account in the valuation. The market value is also stated net of cash adjustments and adjustments resulting from market developments. To reflect this change in valuation policy, EUR 256 million was charged to other reserves.

Until 2000, realised swap results regarding the investment portfolio interest-bearing securities which had not yet been taken to results were included under accruals and deferred income. Given that these results are realised, they are accounted for in the revaluation reserve from 2001. At 1 January 2001, an amount of EUR 187 million was transferred to the revaluation reserve.

If the new accounting policies, which aim to provide a better insight into equity and results, had been applied in 2000, this would have had a negligible impact on the amount and composition of the result. Therefore prior-year figures have not been reclassified.

Where necessary for comparative purposes, prior-year figures have been reclassified. These reclassifications have no impact on equity and results.

Changes in accounting policies with effect from 2002

In 2001, it was decided to change the accounting policy for pension charges. Under the current system, the contributions, which are set annually on the basis of the financing agreement with Stichting Pensioenfonds Rabobankorganisatie, are taken to the profit and loss account. This system results in highly fluctuating pension charges in the financial statements. The new system is based on the accrual of pension rights rather than the financing agreement. The new system will lead to more stable pension charges calculated on the basis of pensionable earnings. The new 'dynamic contribution system' takes account of estimates of a number of future economic factors such as pay increases, indexations, investment returns and developments in the client base. The estimates are based on studies carried out by the pension fund using a 35-year time horizon. Estimates of future factors are by definition uncertain and will therefore be tested and where necessary adjusted periodically. It is expected that some EUR 1,420 million will be charged to other reserves in the 2002 financial statements.

Recognition of financial instruments in the balance sheet

A financial asset or a financial liability is included in the balance sheet as from the moment that the Group is entitled to the benefits or is committed to the obligations arising from the contractual provisions of the financial instrument. From the moment that these conditions are no longer met, a financial instrument is no longer included in the balance sheet. Financial assets and liabilities are netted off in the balance sheet if the Group is allowed to do so on the basis of legal or contractual provisions and has the intention to offset these assets and liabilities or to settle them simultaneously.

Accounting policies

General

These financial statements have been prepared under the historical cost convention. Departures, if any, from historical cost rules are mentioned separately. All assets are carried net of such diminution in value as is deemed necessary. The addition to the item value adjustments to receivables is determined on a dynamic basis. The accounting policies applied by Interpolis NV are in accordance with the reporting requirements for insurance companies.

Premiums and discounts are included under prepayments and accrued income or accruals and deferred income, as appropriate, and are amortised over the term to maturity of the items concerned.

Derivatives

The market value of derivatives contracts forming part of the trading activities is determined taking into account the costs of eliminating market risk, the expected credit risk and administrative expenses, cash adjustments and adjustments resulting from market developments.

Interest rate contracts relating to trading activities are stated at market value based on the spot rate of exchange ruling at the balance sheet date. Gains and losses on these contracts are accounted for under results on financial

transactions. Other interest rate contracts are valued in line with the underlying assets and liabilities. Gains and losses are accounted for under interest in proportion to the expired term.

Foreign exchange contracts relating to borrowing and lending transactions are carried at the spot rate of exchange ruling at the balance sheet date. Gains and losses resulting from these transactions are accounted for under interest in proportion to the term to maturity. Other foreign exchange contracts are carried at the market price for the remaining term ruling at the balance sheet date. Realised and unrealised exchange differences are taken to results on financial transactions. Other contracts are carried at market value.

Foreign currency

Participating interests denominated in foreign currencies are translated at the spot rate of exchange ruling at the balance sheet date. Resulting exchange differences which have not been hedged are taken to reserves. Other assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the balance sheet date. Resulting exchange differences are taken to results on financial transactions.

Assets, liabilities and results of the insurance business denominated in foreign currencies are translated at the spot rate of exchange ruling at the balance sheet date. Resulting exchange differences on assets and liabilities are taken direct to reserves insofar as they are for the Bank's own account and risk.

Leasing

Amounts receivable on leases of movable and immovable property are included in the balance sheet under lending and banks. The value of rights acquired under techno-lease agreements is included under lending.

Net income from lease contracts is included in the profit and loss account under interest income.

Short-term government paper, interest-bearing securities and shares

Investment portfolio

The investment portfolio consists of securities forming part of fixed assets and held as investments in accordance with Rabobank policy. Bonds and other interest-bearing securities are carried at redemption value. The difference between redemption value and cost is accounted for under prepayments and accrued income or accruals and deferred income and taken to interest income over the term of the securities concerned.

Bonds and other interest-bearing securities for which all or most of the interest income is received at the time of redemption are carried at cost rather than at redemption value. The value of these items is increased by a proportional part of the difference between cost and redemption value for the remaining time to maturity, calculated on the basis of compound interest. This increase is accounted for as interest income.

Gains and losses on the sale of bonds and other interest-bearing securities are taken to reserves, taking into account deferred taxation, and recognised as interest income over the remaining term to maturity of those securities. Gains and losses on securities sold on account of a structural reduction of the investment portfolio are taken direct to interest income.

Transfers of bonds and other interest-bearing securities from the investment portfolio to the trading portfolio, and vice versa, are made at market value. Resulting gains and losses are accounted for in the same manner as gains and losses on sales of either investment portfolio or trading portfolio securities, as appropriate.

Shares and other variable-yield securities listed on a stock exchange are carried at year-end market value; those not listed are carried at estimated realisable value. Resulting unrealised differences in value are taken to a revaluation reserve, taking into account deferred taxation. Unrealised differences in the value of hedging contracts are treated in the same manner. Realised price differences are taken to the profit and loss account under income from securities and participating interests. Unrealised losses which cannot be charged to a revaluation reserve are taken to the profit and loss account under value adjustments to financial fixed assets.

In respect of investments made by the insurance business in land and buildings, shares and convertible bonds, a structural total return is recognised in the profit and loss account. The total return consists of the direct return realised (net rental income and dividends) and an indirect return. The total return is calculated by multiplying the average return realised on the investments in the past 30 years by the average value of the investments in the past seven years. The indirect return is calculated as the difference between the total return and the direct return. The indirect return is released from the revaluation reserve. Releases from the revaluation reserve are made insofar as the reserve is positive.

The accounting policy for investments in separate investment funds (insurance business) is the same as the policy disclosed above, except for unrealised differences in value on investments in shares and other variable-yield securities which are accounted for in the provision for price differences third parties. Realised price gains and losses are taken direct to the profit and loss account. Other investments for the account and risk of policyholders are carried at market value, increased with accrued interest where appropriate. Realised and unrealised differences in value are taken to the profit and loss account.

Trading portfolio

The trading portfolio is carried at market value or estimated realisable value at the balance sheet date. Valuation differences relating to the trading portfolio are accounted for under results on financial transactions. Repurchased own bonds and other interest-bearing securities for resale are carried at the lower of cost and market value.

The market value is determined taking into account the costs of eliminating market risk, the expected credit risk and administrative expenses, cash adjustments and adjustments resulting from market developments.

Certificates of deposit and commercial paper

Certificates of deposit and commercial paper qualifying as loans and advances are carried at face value. If they do not qualify as such, they are valued in the same way as bonds and other interest-bearing securities.

Temporary other investments

Temporary other investments are carried at market value, determined individually for each investment. The resulting positive differences in value in relation to cost are taken to the revaluation reserve. Decreases in the revaluation reserve on account of disposals are released to the profit and loss account. Downward value adjustments and reversals thereof, as well as dividends, are taken to the profit and loss account under value adjustments to financial fixed assets.

Participating interests

Participating interests over whose commercial and financial policy Rabobank exercises significant influence are carried at net asset value based on the latest financial information available. Rabobank's share in the results of participating interests is included in the profit and loss account under income from securities and participating interests.

Other participating interests are carried at current cost, i.e. their net realisable value. The resulting positive differences in value in relation to cost are taken to the revaluation reserve for participating interests. Decreases in the revaluation reserve on account of disposals are released to the profit and loss account. Downward value adjustments, as well as reversals thereof, are accounted for under value adjustments to financial fixed assets, insofar as no reserve has been formed for this. Dividends received from other participating interests are included under income from securities and participating interests.

Results of foreign branches denominated in foreign currencies are translated at the average rates for the financial year. Resulting translation differences are taken to the revaluation reserve.

Goodwill, being the difference between the cost and net asset value of participating interests, is charged direct to other reserves in the year of acquisition. Negative goodwill on the acquisition of participating interests is taken direct to the revaluation reserve. The revaluation reserve is transferred to other reserves evenly on a consistent basis and in proportion to the gains accruing on the participating interests concerned.

Property and equipment

Property in use by the Bank

Bank premises are carried at current cost, derived from their replacement value based on continuity and functionality. This replacement value is arrived at by means of periodic appraisals, so that each building is appraised at least once in every ten years. The current cost of premises not appraised in the year under review is adjusted based on the building industry index.

Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. The current cost is depreciated on a straight-line basis over an expected useful economic life of at most 40 years. Bank buildings under construction are carried at cost. No depreciation is charged while work is in progress. Buildings due to be sold are stated at their appraised net realisable value. Lump-sum ground rent of land held on long lease is capitalised and written off over a period not exceeding 40 years.

Property not in use by the Bank

Buildings not in use by the Bank are carried at current cost, i.e. their net realisable value. Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. Downward value adjustments which cannot be absorbed by the revaluation reserve are accounted for under depreciation.

Immovable property acquired under foreclosure is carried at the lower of cost and net realisable value, net of any payments received on account.

Property relating to the insurance business

All land and buildings are carried at current cost, i.e. the estimated private sale value, taking into account the expected return on investment and the nature and location of the property. Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. Buildings under construction are carried at the direct all-inclusive building costs incurred up to the balance sheet date, plus the contractual obligations entered into and net of any expected decrease in value upon delivery. Land and buildings are not depreciated.

Equipment

Equipment is carried at cost and depreciated evenly over the estimated useful lives of the items concerned.

Debt securities

Borrowings

Borrowings for which all or most of the interest charges are paid at the time of redemption are carried at cost, plus a proportional part of the difference between cost and redemption value for the remaining time to maturity, calculated on the basis of compound interest. The increase is accounted for in the profit and loss account under interest expense.

Provisions

Provision for pensions

The pension commitments are largely insured with pension funds or insurance companies. Self-administered pension schemes are included under this provision.

Provision for deferred taxation

The provision is formed for deferred tax liabilities resulting from timing differences and is stated at its present value. In the insurance business, the provision is stated at non-discounted value and is calculated taking into account the reserves recognised for tax purposes. Deferred tax assets are included only insofar as they are likely to crystallise.

Technical reserves relating to the insurance business

Unearned premium reserve

The unearned premium reserve relates to non-life insurance only and represents the unearned portion of premiums written. The reserve includes the ageing provisions for disability and sickness benefits policies.

Provisions for life insurance

Life insurance liabilities are calculated in accordance with the net method on the basis of recent mortality tables and a discount rate of predominantly 4%. Life insurance policies concluded after 1 August 1999 are subject to a discount rate of 3%. The discount rate used for underwriting liabilities relating to savings mortgages is equal to the interest rate of the mortgage loans linked to the insurances. The provision is stated net of capitalised interest rate rebates and net of capitalised acquisition costs incurred on life insurance premiums with renewal premiums. The costs of the capitalised interest rate rebates, for insurance policies for which Interpolis bears the full investment risk, are taken to the profit and loss account evenly over a period of ten years. For policies for

which Interpolis bears virtually no investment risk, the costs are amortised over the full term of the policy. This provision includes profit guarantees based on actuarial principles.

Outstanding claims reserve

The outstanding claims reserve is formed for outstanding claims, including claims incurred but not yet reported in previous financial years. The reserve is either specific or estimated on the basis of claims experience, and includes claims handling expenses payable. Disability insurance claims are calculated in accordance with actuarial claims accrual factors using a discount rate of 4%. For claims reported after 1 January 2001, a discount rate of 3% was used.

Provision for insurance for which policyholders bear the investment risk

The provision for these liabilities, insofar as the underlying investments are held in separate investment funds, is calculated in the same way as the provision for life insurance.

The provision for other insurance for which policyholders bear the investment risk are calculated in accordance with the carrying value of the underlying investments.

Other technical reserves

Other technical reserves include a reserve for catastrophe risks in the non-life business. The addition to the reserve is based on the expected cost of external reinsurance cover. Amounts are released from the reserve if the total loss relating to catastrophe risks on an annual basis exceeds a pre-defined limit. Different limits have been set for the various sectors.

Other provisions

Other provisions, banking business

During the term of the Collective Labour Agreement (CLA), employees meeting the CLA age requirements can opt for early retirement at or around the age of 60. A provision has been formed for employees who may opt for the Voluntary Early Retirement Scheme in the future. The provision is calculated actuarially, using an average market rate of interest, for all employees meeting the criteria and who are likely to make use of the scheme.

All other provisions are carried at their non-discounted value.

Other provisions, insurance business

The provision for price differences third parties relates to unrealised price differences, as at the balance sheet date, on investments in property and shares of separate investment funds. Results realised on the sale of property and shares are taken to the profit and loss account. The provision for staff non-activity schemes includes a provision for early retirement. The provision represents the present value of staff costs to be incurred during the period of early retirement of group staff. In calculating the provision, allowance is made for an employee's chances of staying with Rabobank, participating in the scheme or dying before the retirement age, a discount rate of 4% and a retirement age of predominantly 61. The provision for pensions is formed for group staff who have joined the pension scheme. The provision represents the present value of past-service pension commitments, calculated in accordance with the proportional pension rights method using a discount rate of 4%.

Fund for general banking risks

The fund is formed to cover general risks associated with banking activities where this is prudently required. These risks include risks arising on account of unforeseeable and therefore unquantifiable expenses, such as large misappropriations of funds, nationalisation, etc., on the one hand and expenses resulting from large, exceptional setbacks relating to lending, interest rates, currencies, etc., on the other. Movements in the fund are accounted for separately in the profit and loss account. Expenses absorbed by amounts released from the fund are accounted for under the related items in the profit and loss account. Movements in the fund are taken into account in determining the tax charge. The fund is presented in the balance sheet net of deferred tax assets.

Income and expenses

Interest, commission and other income are recognised in the financial year to which they relate. Interest and commission due which are doubtful of collection are not recognised as income. This applies in particular to unpaid interest and commission on loans and advances whose value has been adjusted because of a debtor's expected or actual default. The same applies to the unpaid portion of interest and commission on those loans and advances whose value has been adjusted on account of country risks. In determining the costs, allowance is made for accrued and deferred expenses.

In calculating the tax charge, allowance is made for current tax relief facilities (and the interpretation thereof), including additions to the item value adjustments to receivables and to the fund for general banking risks, which are taken into account in full. Depreciation is charged in accordance with the notes on property and equipment.

Notes to the consolidated balance sheet

(in EUR millions)

1 Cash

This item consists of legal tender, balances available on demand with foreign central banks in countries where Rabobank Group is represented, as well as a balance with the Dutch Central Bank under its minimum reserve policy.

2 Short-term government paper

This item relates to government paper with an original term to maturity of up to two years eligible for refinancing with central banks in the country of origin.

At cost: EUR 5,306 (7,357) million.

At market value: EUR 5,300 (7,353) million.

3 Banks

This item represents loans and advances, other than in the form of interest-bearing securities, to banks.

The total amount includes amounts receivable on lease contracts of EUR 87 (62) million, and assets transferred under sale and repurchase transactions of EUR 9,904 (8,932) million. EUR 0 (10) million is not readily available as it has been pledged as security.

4 Lending

This item consists of loans and advances, other than in the form of interest-bearing securities, to clients other than banks.

| | 2001 | 2000 |
|---|----------------|----------------|
| This item can be broken down as follows: | | |
| - Public sector lending | 761 | 823 |
| - Private sector lending (corporate clients) | 106,885 | 99,460 |
| - Private sector lending (private individuals) | 92,077 | 81,205 |
| - Professional securities transactions | 10,591 | 11,706 |
| - Provisions for doubtful debts and country risks | (1,700) | (1,528) |
| Total lending | 208,614 | 191,666 |
| This item includes: | | |
| - Loans and advances to participating interests | 20 | 9 |
| - Other subordinated loans and advances | 6 | 59 |
| - Amounts receivable on lease contracts | 10,417 | 8,861 |
| Of which operating lease contracts | 2,810 | 2,685 |
| - Loans and advances guaranteed by public authorities | 5,269 | 4,969 |
| - Mortgages guaranteed by public authorities | 8,233 | 7,144 |
| - Other mortgages | 117,431 | 104,906 |
| Total home mortgages | 88,307 | 77,923 |
| Assets transferred under sale and repurchase transactions | 5,102 | 5,446 |

| | 2001 | 2000 |
|---|------|------|
| Breakdown of private sector lending by industry sector: | | |
| - Agricultural sector | 15% | 16% |
| - Trade, industry and services sector | 40% | 41% |
| - Private individuals | 45% | 43% |

Movements in provisions for doubtful debts and country risks

| | 2001 | 2000 |
|---|--------------|--------------|
| Balance at 1 January | 1,646 | 1,480 |
| Addition | 480 | 360 |
| Amounts charged to the provisions | (430) | (251) |
| Other movements, including currency translation differences | 57 | 57 |
| Balance at 31 December | 1,753 | 1,646 |

EUR 1,700 (1,528) million of the provisions relates to lending, while the remaining balance relates to banks, interest-bearing securities and off-balance-sheet items.

Analysis by business unit

Movements in provisions for doubtful debts and country risks of the relevant business units.

| 2001 | Retail banking | Wholesale banking | Asset management | Leasing |
|-----------------------------------|-------------------|----------------------|---------------------|------------|
| Balance at 1 January | 858 | 674 | 13 | 100 |
| Addition | 150 | 268 | 1 | 60 |
| Amounts charged to the provisions | (90) | (255) | (10) | (75) |
| Other | 17 | 35 | 1 | 4 |
| Balance at 31 December | 935 | 722 | 5 | 89 |
| Impaired loans | 1,448 | 2,156 | 6 | 320 |
| 2000 | Retail banking | Wholesale banking | Asset management | Leasing |
| Balance at 1 January | 833 | 514 | 13 | 111 |
| Addition | 106 | 207 | - | 41 |
| Amounts charged to the provisions | (89) | (98) | - | (62) |
| Other | 8 | 51 | - | 10 |
| Balance at 31 December | 858 | 674 | 13 | 100 |
| Impaired loans | 1,294 | 2,219 | 14 | 315 |

Risk on non-OECD countries

| Regions | In Europe | In Africa | In Latin America | In Asia Pacific | Total | As a % of total assets |
|---|-----------|-----------|------------------|-----------------|-------|----------------------------|
| Economic country risk (excluding derivatives) ¹ | 678 | 289 | 2,571 | 5,737 | 9,275 | 2.6% |
| Risk-reducing components: | | | | | | |
| Loans and advances granted in local | | | | | | |
| currency | 358 | 64 | 695 | 1,458 | 2,575 | |
| Third-party coverage of country risk | 119 | 72 | 768 | 1,493 | 2,452 | |
| Deduction for transactions with | | | | | | |
| lower risk | 83 | 39 | 476 | 263 | 861 | |
| Net exposure before provisions | 118 | 114 | 632 | 2,523 | 3,387 | 0.9% |
| | | | | | | As a % of total provisions |
| Total provisions for economic | | | | | | |
| country risk | 6 | 1 | 96 | 276 | 379 | 21.6% |

5 Interest-bearing securities

This item represents interest-bearing negotiable bonds and other interest-bearing securities, other than short-term government paper.

| | 2001 | 2000 |
|--|---------------|---------------|
| Interest-bearing securities of: | | |
| - Public authorities | 49,052 | 48,483 |
| - Other issuers | 29,628 | 25,127 |
| Total interest-bearing securities | 78,680 | 73,610 |
| This item can be broken down as follows: | | |
| - Investment portfolio | 44,955 | 40,277 |
| - Trading portfolio | 32,769 | 32,218 |
| - Securitised loans | 956 | 1,115 |
| | 78,680 | 73,610 |

1)
Total assets, plus guarantees issued and unused committed credit facilities

| | 2001 | 2000 |
|---|---------------|---------------|
| The portfolio includes: | | |
| - Securities issued by group companies | 265 | 319 |
| - Subordinated securities | 5 | 42 |
| Listed securities | 65,108 | 67,630 |
| Unlisted securities | 13,572 | 5,980 |
| Falling due next year | 14,529 | 16,350 |
| Given on loan | 28 | 586 |
| Amount not readily available (pledged as security) | 6,269 | 5,679 |
| Assets transferred under sale and repurchase transactions | 10,798 | 33,093 |
| Investment portfolio at cost | 45,638 | 41,016 |
| Trading portfolio at cost | 32,767 | 32,394 |
| Movements in the investment portfolio: | | |
| Balance at 1 January | 40,277 | 39,827 |
| Purchases | 31,218 | 40,448 |
| Sales and redemptions | (27,030) | (40,188) |
| Other movements | 490 | 190 |
| Balance at 31 December | 44,955 | 40,277 |

6 Shares

This item consists of shares and other variable-yield securities, and temporary other investments.

| | 2001 | 2000 |
|---|---------------|---------------|
| This item can be broken down as follows: | | |
| - Investment portfolio | 9,709 | 7,979 |
| - Trading portfolio | 2,539 | 7,229 |
| - Client options | 308 | 642 |
| Total | 12,556 | 15,850 |
| Of which listed | 5,935 | 6,129 |
| Of which unlisted | 6,621 | 9,721 |
| Trading portfolio at cost | 2,329 | 7,232 |
| Temporary other investments included in total | 5,301 | 3,597 |
| Given on loan | - | 3 |

Movements in the investment portfolio

| | 2001 | 2000 |
|---|--------------|--------------|
| Balance at 1 January | 7,979 | 5,784 |
| Addition as a result of change in accounting policies | 167 | - |
| Purchases | 4,646 | 4,501 |
| Sales | (2,646) | (2,146) |
| Revaluation | (378) | (151) |
| Changes in value and reversals | (59) | (9) |
| Balance at 31 December | 9,709 | 7,979 |
| Total revaluations | 268 | 593 |
| Total diminutions in value | 65 | 6 |

Client options relate to long positions in listed options held by Rabobank Nederland for the account and risk of its clients. These options are not formally separated from the Bank's own assets. The corresponding liabilities are included under other liabilities.

Breakdown of investment and trading portfolios

| | 2001 | 2000 |
|--|---------------|---------------|
| <i>Investment portfolios</i> | | |
| Dutch government | 5,983 | 10,441 |
| Other OECD states | 29,817 | 23,507 |
| Mortgage-backed securities | 4,829 | 4,092 |
| Other interest-bearing securities | 9,637 | 9,599 |
| Total interest-bearing securities and short-term government paper | 50,266 | 47,639 |
| Shares | 9,709 | 7,979 |
| Total investment portfolios | 59,975 | 55,618 |
| <i>Trading portfolios</i> | | |
| Dutch government | 2,524 | 3,308 |
| Other OECD states | 25,628 | 26,949 |
| Other interest-bearing securities | 4,617 | 1,961 |
| Total interest-bearing securities | 32,769 | 32,218 |
| Shares | 2,539 | 7,229 |
| Total trading portfolios | 35,308 | 39,447 |

7 Participating interests

This item represents the interests held in participating interests.

| | 2001 | 2000 |
|---|------------|------------|
| Participating interests, of which: | | |
| - Credit institutions | 8 | 386 |
| - Other | 148 | 181 |
| Total participating interests | 156 | 567 |
| Of which listed: EUR 0 (378) million. | | |
| Movements in participating interests: | | |
| Balance at 1 January | 567 | 174 |
| Investments | 39 | 444 |
| Disposals | (457) | (42) |
| Profit for the year | 34 | (5) |
| Revaluation and other movements | (27) | (4) |
| Balance at 31 December | 156 | 567 |
| Total revaluations | 21 | 6 |
| Total diminutions in value | 14 | 14 |
| The capital commitments amount to some EUR 165 (0) million. | | |

8 Property and equipment

This item consists of buildings and land, equipment and other tangible fixed assets, as well as tangible fixed assets not in use by the Group, such as fixed assets acquired under foreclosure.

| | 2001 | 2000 |
|-------------------------------------|--------------|--------------|
| Land and buildings in own use | 2,386 | 2,230 |
| Other land and buildings | 696 | 523 |
| Equipment | 674 | 639 |
| Total property and equipment | 3,756 | 3,392 |
| Of which leased | 41 | - |
| Capital commitments | 140 | 144 |

Movements in property and equipment

| | Land and buildings in own use | Other land and buildings | Equipment | Total |
|---|-------------------------------|--------------------------|------------|--------------|
| Net book value at 1 January | 2,230 | 523 | 639 | 3,392 |
| Additions | 272 | 257 | 340 | 869 |
| Disposals | (65) | (102) | (35) | (202) |
| Revaluation | 43 | 18 | - | 61 |
| Depreciation and diminution in value | (95) | - | (273) | (368) |
| Exchange differences | 1 | - | 3 | 4 |
| Net book value at 31 December | 2,386 | 696 | 674 | 3,756 |
| Total revaluations | 288 | 94 | - | 382 |
| Total depreciation and diminutions in value | 975 | 23 | 1,350 | 2,348 |

9 Other assets

This item relates to precious metals, certificates representing precious metals, coins and medals made of precious metals (not being legal tender), goods and warehouse receipts, and assets that cannot be classified under any other heading.

Amounts receivable, other than prepayments and accrued income, included under this heading amount to EUR 3,774 (2,429) million.

10 Prepayments and accrued income

This item relates to prepaid expenses, interest receivable and other receivables not yet billed.

11 Banks

This item represents amounts owed to credit institutions, other than debt securities and subordinated loans. Of which debts secured by assets: EUR 19,609 (33,114) million.

12 Funds entrusted

This item consists of funds entrusted by clients other than debt securities. Savings are all deposits and savings accounts of natural persons, non-profit-making associations and foundations, as well as non-transferable savings bonds.

This item includes funds entrusted by participating interests of EUR 145 (57) million and funds entrusted secured by assets of EUR 8,544 (17,295) million.

13 Debt securities

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit.

14 Other liabilities

This item includes liabilities that cannot be classified under any other heading, such as short positions in securities and liabilities on account of securitised loans. Of which debts secured by assets: EUR 0 (17) million.

15 Accruals and deferred income

This item relates to payments received in advance, accrued interest and other amounts payable.

16 Provisions

This item represents provisions formed for the equalisation of costs originating in the year under review or prior years, but to be incurred in future years, over a number of years. It also includes best estimates of obligations and losses existing at the balance sheet date, the extent of which is still uncertain.

| | 2001 | 2000 |
|---|---------------|---------------|
| Provision for pensions | 21 | 15 |
| Provision for deferred taxation | 481 | 531 |
| Technical reserves relating to the insurance business | 14,496 | 13,057 |
| Other provisions | 1,175 | 1,150 |
| Total provisions | 16,173 | 14,753 |

The non-discounted value of deferred taxation amounted to EUR 522 (569) million.

17 Fund for general banking risks

The fund is formed to cover general risks associated with banking activities where this is prudently required. The fund is stated net of deferred tax assets.

| | 2001 | 2000 |
|--|--------------|--------------|
| Movements in the fund for general banking risks: | | |
| Balance at 1 January | 1,666 | 1,632 |
| Addition | - | 52 |
| Tax on addition | 13 | (18) |
| Balance at 31 December | 1,679 | 1,666 |

The movement in 2001 is attributable to adjustment of the Dutch corporate income tax rate in 2002.

18 Subordinated loans

This item relates to loans, whether or not in the form of debt securities, which, in the event of liquidation, rank for payment after all the Bank's other debts existing at that time. These subordinated loans include loans with regard to Weiss, Peck & Greer LLC, Roparco NV and Effectenbank Stroeve NV.

The subordinated debt of Weiss, Peck & Greer LLC consists of two loans. The first loan, amounting to USD 6.3 million, falls due in 2006 and bears interest at 7.72%. The second loan amounts to USD 10 million, bears interest at 8.81% and falls due in 2008. Interest charged to the year under review amounted to USD 0.5 million and USD 0.9 million respectively. Repayment ahead of schedule is possible subject to certain conditions.

The subordinated debt of Roparco NV is a loan of EUR 26.3 million bearing interest at a variable rate, which averaged 6.0% in 2001. The loan is open-ended, subject to a notice period of five years. The subordination can be lifted only after written approval from the Dutch Central Bank. Interest charged to the year under review amounted to EUR 1.6 million.

Effectenbank Stroeve NV has a subordinated debt consisting of two loans, namely a EUR 2.3 million loan bearing interest at 6.25% that will be repaid in 2009 and a EUR 2.3 million loan bearing interest at 6% that will be repaid in 2008. Interest charged to the year under review amounted to EUR 0.1 million and EUR 0.1 million respectively.

19 Reserves

| | 2001 | 2000 |
|---|---------------|---------------|
| Reserves can be broken down as follows: | | |
| Revaluation reserves | 417 | 407 |
| Other reserves | 11,571 | 11,159 |
| Rabobank membership certificates | 2,276 | 892 |
| Trust Preferred Securities | 650 | 650 |
| | <u>14,914</u> | <u>13,108</u> |
| Movements in reserves: | | |
| <i>Revaluation reserves</i> | | |
| Balance at 1 January | 407 | 603 |
| Movement as a result of changes in accounting policies | 354 | - |
| Revaluation | (117) | (73) |
| Transferred to other reserves | (10) | (66) |
| Released to profit and loss account | (217) | (57) |
| Balance at 31 December | 417 | 407 |
| This item includes the revaluation reserves for immovable property, shares and participating interests. | | |
| <i>Other reserves</i> | | |
| Balance at 1 January | 11,159 | 10,614 |
| Movement as a result of changes in accounting policies | (306) | - |
| Transferred from revaluation reserve | 10 | 66 |
| Goodwill | (526) | (672) |
| Other additions/transfers | 65 | 33 |
| Profit appropriation | 1,169 | 1,118 |
| Balance at 31 December | 11,571 | 11,159 |
| <i>Rabobank membership certificates</i> | | |
| Balance at 1 January | 892 | - |
| Issued | 1,384 | 892 |
| Balance at 31 December | 2,276 | 892 |

In 2000, Rabobank Ledencertificaten N.V. (RLC), a group company of Rabobank Nederland, issued 40 million shares. The total proceeds of the issue amounted to EUR 1 billion. In 2000, RLC granted Rabobank Nederland a EUR 900 million deep subordinated loan with a term of 31 years. In 2001, RLC issued an additional 60 million shares. The total proceeds of this issue amounted to EUR 1,575 million. In 2001, RLC granted Rabobank Nederland a EUR 1,350 million deep subordinated loan with a term of 30 years. As at year-end 2001, the number of shares held by members and employees was 97,688,468 (39,681,410) (net asset value EUR 2,515 (992) million). Subject to the prior written permission of the Dutch Central Bank, the loan may be repaid ahead of schedule on 29 June 2006 and every subsequent 29 June. Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no dividend is paid if the consolidated profit and loss account shows a loss for any financial year,

insofar as they have been on-lent to Rabobank Nederland, the issue proceeds are recognised as reserves in proportion to the number of shares held by members and employees. As a result, dividend payments are accounted for in the profit appropriation.

Trust Preferred Securities

In 1999, 26 million 7% non-cumulative Trust Preferred Securities (financing preference shares) were issued via Rabobank Capital Funding Trust, Delaware, a group company of Rabobank Nederland, raising total proceeds of EUR 650 million. As from 31 December 2004, the Bank has the right, after receiving prior written approval from the Dutch Central Bank, to repurchase the financing preference shares on each dividend payment date. Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid if the consolidated profit and loss account shows a loss for any financial year, the issue proceeds are recognised as reserves. As a result, dividend payments are accounted for in the profit appropriation.

20 Third-party interests

This item relates to the share held by third parties in the capital of subsidiaries and other group companies.

| | 2001 | 2000 |
|----------------------------------|--------------|--------------|
| Balance at 1 January | 3,151 | 1,415 |
| Currency translation differences | 57 | 54 |
| Other movements | 446 | 1,682 |
| Balance at 31 December | 3,654 | 3,151 |

Other movements relate principally to the balance of shares issued and redeemed.

Solvency

The main capital ratio requirements set by the Dutch Central Bank are derived from the capital adequacy guidelines of the European Union and the Basel Committee on Banking Supervision. These ratios compare the Bank's total capital (Tier I and Tier II) and core capital (Tier I) with total risk-weighted assets and off-balance-sheet items and the market risk of the trading portfolios. The minimum requirement for total capital and core capital as a percentage of risk-weighted assets is 8% and 4% respectively. The following tables show the capital available to the Bank and the minimum capital required by the supervisory authorities.

| | 2001 | 2000 |
|---|---------------|---------------|
| Tier I and tier II capital can be broken down as follows: | | |
| Other reserves | 11,571 | 11,159 |
| Fund for general banking risks | 1,679 | 1,666 |
| <i>Membership certificates</i> | 2,276 | 892 |
| <i>Trust Preferred Securities</i> | 650 | 650 |
| Innovative capital | 2,926 | 1,542 |
| Third-party interests treated as qualifying capital | 890 | 594 |
| Deductions | (90) | (308) |
| Tier I capital | 16,976 | 14,653 |
| Revaluation reserve | 417 | 407 |
| Subordinated loan treated as qualifying capital | 33 | 33 |
| Tier I and tier II capital | 17,426 | 15,093 |

Taking into account the change in accounting policy for pensions with effect from 1 January 2002, the Tier I capital amounted to EUR 15,556 million at 1 January 2002 and the Tier I and Tier II capital amounted to EUR 16,006 million. These figures are included in the following table.

| | 2001 | | 2000 | |
|----------------------------|------------------|-----------|------------------|-----------|
| | Minimum required | Available | Minimum required | Available |
| Tier I and Tier II capital | 12,225 | 16,006 | 11,382 | 15,093 |
| BIS ratio | 8 | 10.5 | 8 | 10.6 |
| Tier I capital | 6,112 | 15,556 | 5,691 | 14,653 |
| Tier I ratio | 4 | 10.2 | 4 | 10.3 |

Summary of remaining terms to maturity

(the 2000 figures are shown between brackets)

| | Total | Withdrawable: | | | | |
|--------------------|-----------|-----------------------|------------|------------------------|-----------------------|-----------|
| | | On demand/ undated | ≤ 3 months | > 3 months ≤ 1 year | > 1 year ≤ 5 years | > 5 years |
| Assets | | | | | | |
| Banks | 40,078 | 1,418 | 28,903 | 5,343 | 4,055 | 359 |
| | (38,364) | (932) | (26,467) | (6,116) | (4,401) | (448) |
| Lending | 208,614 | 9,336 | 40,370 | 11,384 | 32,657 | 114,867 |
| | (191,666) | (6,758) | (41,029) | (12,151) | (21,227) | (110,501) |
| Liabilities | | | | | | |
| Banks | 80,014 | 7,829 | 60,519 | 7,034 | 2,499 | 2,133 |
| | (83,891) | (8,270) | (66,039) | (7,066) | (1,338) | (1,178) |
| Funds entrusted: | | | | | | |
| Savings | 63,060 | 57,080 | 3,299 | 120 | 1,614 | 947 |
| | (55,575) | (46,675) | (4,585) | (858) | (2,162) | (1,295) |
| Other | 109,114 | 39,377 | 53,039 | 5,926 | 7,706 | 3,066 |
| | (91,130) | (34,646) | (40,587) | (4,969) | (6,342) | (4,586) |
| Debt securities | 58,514 | - | 17,583 | 11,362 | 21,934 | 7,635 |
| | (49,887) | (-) | (17,763) | (8,647) | (16,979) | (6,498) |

Management and agency services

Management and agency services to third parties relate to all the activities. The Bank also administers assets, in its own name but for the account and risk of third parties, which are separate from the Bank's own assets.

Foreign currency

Total assets denominated in foreign currencies amount to EUR 127,575 (107,032) million.

Total liabilities denominated in foreign currencies amount to EUR 169,997 (130,045) million.

The balance of these amounts does not reflect the currency position, as most of the risk has been hedged by means of derivatives not disclosed in the balance sheet. Part of the derivatives in foreign currencies relates to trading positions.

21 Contingent liabilities

This item relates to transactions in which the Group has assumed liability for the commitments of third parties.

| | 2001 | 2000 |
|-------------------------------------|--------------|---------------|
| Contingent liabilities consist of: | | |
| - Bills discounted | 37 | 284 |
| - Guarantees, etc. | 8,537 | 8,621 |
| - Irrevocable letters of credit | 803 | 690 |
| - Other contingent liabilities | 275 | 697 |
| Total contingent liabilities | 9,652 | 10,292 |

Of which contingent liabilities secured by assets: EUR 79 (34) million.

22 Irrevocable facilities

This item relates to all irrevocable facilities that could lead to lending.

| | 2001 | 2000 |
|-------------------------------------|---------------|---------------|
| Sale and repurchase transactions | 1 | 253 |
| Unused credit facilities | 25,619 | 38,258 |
| Other | 54 | 72 |
| Total irrevocable facilities | 25,674 | 38,583 |

Securities lending account

Interest-bearing securities amounting to EUR 28 (585) million were received on loan. These amounts are not included in the balance sheet.

Derivatives

Derivatives are financial instruments which assist the Bank in managing its market risk positions, especially its interest rate and currency exposure. The underlying values (notional amounts) serve only as computation variables and are not disclosed on the face of the balance sheet. Examples of derivatives are forward exchange contracts, swaps, futures, forward rate agreements and options. The notional amounts given below relate to derivatives offered by Rabobank Group primarily as a service to the large corporate clients of Rabobank Nederland and clients of local member banks, and for the Bank's own asset and liability management.

A substantial portion of the derivative contracts is concluded in the context of trading activities.

The notional values are divided into short-term, medium-term and long-term.
(the 2000 figures are shown between brackets)

| | Notional value | | | | Positive replacement value |
|-------------------------------------|------------------|------------------|----------------|----------------|----------------------------|
| | Total | < 1 year | 1-5 years | > 5 years | |
| Interest rate contracts | | | | | |
| <i>- Over the counter</i> | | | | | |
| Swaps | 1,185,354 | 712,014 | 244,845 | 228,495 | 10,453 |
| | (1,035,803) | (661,576) | (249,389) | (124,838) | (8,036) |
| Forwards | 439,385 | 417,195 | 22,190 | - | 917 |
| | (429,859) | (413,604) | (16,255) | (-) | (233) |
| Options | 88,195 | 19,865 | 25,926 | 42,404 | 729 |
| | (69,527) | (53,574) | (10,324) | (5,629) | (320) |
| <i>- Listed ²</i> | | | | | |
| Options | - | - | - | - | - |
| | (4,007) | (4,007) | (-) | (-) | (-) |
| Futures | 147,865 | 111,810 | 35,972 | 83 | 16 |
| | (234,804) | (199,979) | (34,759) | (66) | (-) |
| Foreign exchange contracts | | | | | |
| <i>- Over the counter</i> | | | | | |
| Swaps ³ | 58,322 | 19,940 | 26,587 | 11,795 | 2,993 |
| | (56,486) | (15,031) | (27,906) | (13,549) | (3,121) |
| Forwards | 282,209 | 270,505 | 11,112 | 592 | 4,654 |
| | (243,459) | (238,347) | (4,811) | (301) | (5,471) |
| Options | 3,379 | 1,472 | 1,907 | - | 33 |
| | (4,929) | (3,298) | (1,631) | (-) | (162) |
| Other contracts ⁴ | | | | | |
| Over the counter | 5,953 | 2,687 | 3,103 | 163 | 345 |
| | (4,742) | (989) | (3,572) | (181) | (359) |
| Other contracts | 2,085 | 1,196 | 889 | - | 5 |
| | (2,218) | (1,261) | (957) | (-) | (-) |
| Total derivatives | 2,212,747 | 1,556,684 | 372,531 | 283,532 | 20,145 |
| | (2,085,834) | (1,591,666) | (349,604) | (144,564) | (17,702) |

2)
Listed: for contracts traded on the stock exchange which are subject to daily adjustments of margin commitments, no replacement value is given.

3)
Foreign exchange contracts/swaps: including cross-currency interest rate swaps.

4)
Includes share derivatives and derivatives linked to precious metals and commodities.

When two parties enter into a derivatives contract, this will result in a payment obligation for one party, depending on the direction of movements in the market. This will be accompanied by credit risks for the Bank, which in practice will be a fraction only of the notional amounts of the derivative contracts.

For a better understanding of the volume of the derivatives activities and the related credit risks, the weighted and unweighted credit equivalents are also given in addition to the positive replacement value. The positive replacement value is the mark-to-market valuation of derivative contracts resulting in a claim on the other party which leads to a loss of profit in the event of default.

For a derivatives portfolio, the total credit risk forms a much better basis than the total notional amount of the portfolio for making a comparison with other banking activities. In the event of parties remaining in default, this credit risk is just as important as a claim, whereas the notional amount of the contract is in that situation generally of no importance. The notional amounts of the derivative contracts reflect the extent of Rabobank Group's operations in the markets concerned, but give no indication of the portfolio's exposure to credit or market risks. The credit risk is measured by increasing the positive replacement value of the derivative contracts by a percentage of the notional amount (unweighted credit equivalent). This percentage depends on the term and the nature of the contracts. In determining the own funds for solvency requirement purposes, the credit equivalents are weighted, the weighting factor depending on who the other party is, e.g. a government body, a bank, or other party. The transaction party is usually a bank. No netting agreements or guarantees are taken into account for calculating the credit risk.

| | Credit equivalent 2001 | | Credit equivalent 2000 | |
|----------------------------|------------------------|--------------|------------------------|--------------|
| | Unweighted | Weighted | Unweighted | Weighted |
| Interest rate contracts | 17,446 | 3,973 | 11,724 | 2,651 |
| Foreign exchange contracts | 11,707 | 2,782 | 12,949 | 3,093 |
| Other contracts | 771 | 291 | 577 | 137 |
| Total | 29,924 | 7,046 | 25,250 | 5,881 |

If netting agreements are taken into account, the positive replacement value of the derivatives portfolio as a whole would amount to EUR 6,592 (4,928) million, in which case the unweighted credit equivalent would be EUR 11,336 (8,679) million and the weighted credit equivalent EUR 2,815 (2,205) million.

A breakdown of notional amounts and credit equivalents by type of contract and transaction party is given below. The item trading includes derivative transactions on behalf of clients and for own account. The item balance sheet management relates to derivative transactions concluded to hedge regular banking risks.

| | 2001 | | | 2000 | | |
|----------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Trading | Balance sheet management | Total | Trading | Balance sheet management | Total |
| Interest rate contracts | 1,794,151 | 66,648 | 1,860,799 | 1,691,298 | 82,702 | 1,774,000 |
| Foreign exchange contracts | 332,222 | 11,688 | 343,910 | 293,496 | 11,378 | 304,874 |
| Other contracts | 8,034 | 4 | 8,038 | 6,913 | 47 | 6,960 |
| | 2,134,407 | 78,340 | 2,212,747 | 1,991,707 | 94,127 | 2,085,834 |

| | 2001 | | 2000 | |
|------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | Unweighted credit equivalent | Weighted credit equivalent | Unweighted credit equivalent | Weighted credit equivalent |
| Government | 1,150 | - | 270 | - |
| Banks | 24,471 | 4,894 | 22,029 | 4,406 |
| Other | 4,303 | 2,152 | 2,951 | 1,475 |
| | 29,924 | 7,046 | 25,250 | 5,881 |

Notes to the consolidated profit and loss account

(in EUR millions)

23 Interest income

This item includes all interest income from deposits, loans and advances and interest-bearing securities, as well as income similar in nature to interest, such as overdraft commission.

Interest income from bonds and other securities issued at fixed rates or rates that vary in accordance with market rates amounted to EUR 2,613 (3,193) million.

Interest income attributable to the insurance business amounted to EUR 655 (634) million.

24 Interest expense

This item includes all interest payable on funds entrusted, subordinated and non-subordinated loans and debt securities, as well as charges similar in nature to interest.

Interest expense attributable to the insurance business amounted to EUR 577 (525) million.

25 Income from securities and participating interests

This item includes dividends and other income from securities and participating interests.

| | 2001 | 2000 |
|---|------------|------------|
| Income from equity shares and other variable-yield securities | 483 | 665 |
| Profit of participating interests | 34 | 94 |
| Total income from securities and participating interests | 517 | 759 |

Of which attributable to the insurance business: EUR 137 (132) million.

26 Commission income

This item relates to commission, received for services provided to third parties, not similar in nature to interest.

| | 2001 | 2000 |
|--|--------------|--------------|
| Commission income can be broken down as follows: | | |
| - Payment transactions | 425 | 392 |
| - Insurance broking | 86 | 84 |
| - Asset management | 448 | 414 |
| - Stockbroking | 352 | 486 |
| - Other | 685 | 283 |
| Total commission income | 1,996 | 1,659 |

Of which attributable to the insurance business: EUR 236 (16) million.

27 Commission expense

This item relates to commission, paid for third-party services, not similar in nature to interest. Of which relating to stockbroking activities: EUR 61 (69) million.

28 Results on financial transactions

This item includes both realised and unrealised price and value differences on securities forming part of the trading portfolio, currency and other income from financial transactions, insofar as this income is not similar in nature to interest.

29 Other income

This item relates to income that cannot be classified elsewhere and does not represent extraordinary income, such as technical results on the insurance business, rent from leased property and results on project development. Of which attributable to the insurance business: EUR 359 (335) million.

30 Staff costs

| | 2001 | 2000 |
|---------------------------|--------------|--------------|
| This item consists of: | | |
| - Wages and salaries | 2,410 | 2,191 |
| - Pension charges | (4) | 30 |
| - Social security charges | 284 | 305 |
| - Other | 744 | 573 |
| Total staff costs | 3,434 | 3,099 |

Of which attributable to the insurance business: EUR 372 (225) million.

Apart from pension contributions, the item pension charges also includes the costs relating to the Voluntary Early Retirement Scheme, including movements in the related provisions.

The average number of employees was 56,609 (53,993).

Of whom:

- abroad: 5,065 (4,980)
- in the insurance business: 4,630 (3,306)
- on a full-time equivalent basis: 50,942 (48,976)

31 Other administrative expenses

This item includes office supplies, IT expenses, postage, advertising, rent and maintenance of buildings, etc.

Of which attributable to the insurance business: EUR 221 (151) million.

32 Depreciation

This item relates to the depreciation of fixed assets. Of which attributable to the insurance business: EUR 16 (10) million.

33 Value adjustments to receivables

This item relates to downward value adjustments to loans and advances and provisions formed for commitments, as well as any releases thereof.

34 Value adjustments to financial fixed assets

This item relates to downward value adjustments to interest-bearing securities and shares forming part of the investment portfolio and participating interests, as well as any reversals thereof.

35 Fund for general banking risks

The addition to the fund in the year under review was EUR 0 (52) million. In 2001 the fund increased because of the adjustment of the deferred taxes.

36 Taxation on operating profit

This item represents the tax charge on the profit on ordinary activities.

Of which attributable to the insurance business: EUR 56 (49) million

The tax burden rose from 27.0% in 2000 to 28.0% in 2001.

| | 2001 | 2000 |
|--|-------------|-------------|
| Standard tax rate in the Netherlands | 35.0 | 35.0 |
| Effect of foreign tax rates | (5.2) | 0.2 |
| Effect of tax-free income in the Netherlands | (2.3) | (8.1) |
| Other | 0.5 | (0.1) |
| Effective tax rate | 28.0 | 27.0 |

Other in 2001 is mainly caused by the adjustment of the deferred taxes as a result of the adjustment of the Dutch corporate income tax rate in 2002.

Of the total tax charge in the profit and loss account of EUR 578 (507) million, EUR 94 (97 negative) million relates to deferred taxation.

37 Third-party interests

This item relates to third-party interests in the results of consolidated group companies.

Analysis by business unit

Partly as a result of consolidation effects, the figures below differ from those in the profit and loss account.

| 2001 | Retail banking | Wholesale banking | Asset management | Insurance | Leasing |
|---|-------------------|----------------------|---------------------|------------|------------|
| Interest | 3,493 | 912 | 100 | 78 | 411 |
| Commission | 977 | 216 | 512 | 236 | 30 |
| Other income | 222 | 738 | 67 | 496 | 34 |
| Total income | 4,692 | 1,866 | 679 | 810 | 475 |
| Staff costs | 1,934 | 558 | 322 | 372 | 156 |
| Other administrative expenses | 1,269 | 415 | 215 | 221 | 91 |
| Depreciation | 237 | 61 | 26 | 16 | 13 |
| Total operating expenses | 3,440 | 1,034 | 563 | 609 | 260 |
| Operating profit | 1,252 | 832 | 116 | 201 | 215 |
| Value adjustments to receivables | 150 | 268 | 1 | - | 60 |
| Value adjustments to financial fixed assets | 1 | 17 | 1 | - | - |
| Operating profit before taxation | 1,101 | 547 | 114 | 201 | 155 |

| 2000 | Retail banking | Wholesale banking | Asset management | Insurance | Leasing |
|---|-------------------|----------------------|---------------------|------------|------------|
| Interest | 3,188 | 793 | 126 | 109 | 325 |
| Commission | 1,002 | 110 | 531 | 16 | 21 |
| Other income | 183 | 674 | 165 | 467 | 35 |
| Total income | 4,373 | 1,577 | 822 | 592 | 381 |
| Staff costs | 1,721 | 578 | 298 | 225 | 137 |
| Other administrative expenses | 1,162 | 470 | 219 | 151 | 90 |
| Depreciation | 244 | 101 | 30 | 10 | 11 |
| Total operating expenses | 3,127 | 1,149 | 547 | 386 | 238 |
| Operating profit | 1,246 | 428 | 275 | 206 | 143 |
| Addition to fund for general banking risks | - | - | - | - | 52 |
| Value adjustments to receivables | 106 | 207 | - | - | 41 |
| Value adjustments to financial fixed assets | - | - | - | - | - |
| Operating profit before taxation | 1,140 | 221 | 275 | 206 | 50 |

| | 2001 | 2000 |
|---------------------------------|--------------|--------------|
| Total income | 8,434 | 7,760 |
| Of which generated in: | | |
| The Netherlands | 6,380 | 6,169 |
| Other euro-zone countries | 135 | 192 |
| Rest of Europe | 569 | 369 |
| North America | 970 | 750 |
| Latin America | 76 | 52 |
| Asia | 175 | 141 |
| Australia | 139 | 117 |
| Other and consolidation effects | (10) | (30) |
| Total | 8,434 | 7,760 |

| (in EUR millions) | 2001 | 2000 |
|---|-----------------------|-----------------------|
| Liabilities | | |
| Professional securities transactions | 16,165 | 28,477 |
| Other banks | <u>86,658</u> | <u>77,581</u> |
| Banks (49) | 102,823 | 106,058 |
| Savings | 86 | 82 |
| Professional securities transactions | 5,626 | 14,348 |
| Other funds entrusted | <u>63,904</u> | <u>36,290</u> |
| Funds entrusted (50) | 69,616 | 50,720 |
| Debt securities (51) | 51,050 | 43,303 |
| Other liabilities (52) | 7,547 | 17,369 |
| Accruals and deferred income (53) | 4,390 | 4,914 |
| Provisions (54) | <u>621</u> | <u>614</u> |
| | 236,047 | 222,978 |
| Fund for general banking risks (55) | 439 | 436 |
| Share capital (56) | 636 | 636 |
| Revaluation reserve (57) | 271 | 310 |
| Other reserves (58) | 2,134 | 2,482 |
| Loan associated with the issue of Rabobank membership certificates (59) | 2,250 | 900 |
| Loan associated with the issue of Trust Preferred Securities (60) | <u>650</u> | <u>650</u> |
| Shareholders'/group equity | 6,380 | 5,414 |
| Total liabilities | <u>242,427</u> | <u>228,392</u> |
| Contingent liabilities (61) | 10,273 | 10,426 |
| Irrevocable facilities (62) | 20,379 | 30,616 |

Profit and loss account Rabobank Nederland

for 2001 ⁵

| 5) | (in EUR millions) | 2001 | 2000 |
|-----------------------------|---|------------|------------|
| Prepared in accordance with | Profit of participating interests after tax | 834 | 863 |
| section 402, Book 2 of the | Other income/(expense) after taxes | (375) | (362) |
| Netherlands Civil Code. | Net profit | 459 | 501 |

Notes to the balance sheet of Rabobank Nederland ⁶

(in EUR millions)

38 Cash

This item consists of legal tender, balances available on demand with foreign central banks in countries where Rabobank Group is represented, as well as a balance with the Dutch Central Bank under its minimum reserve policy.

39 Short-term government paper

This item relates to government paper with an original term to maturity of up to two years eligible for refinancing with central banks in the country of origin.

At cost: EUR 5,241 (7,229) million.

At market value: EUR 5,236 (7,224) million.

40 Banks

This item represents loans and advances, other than in the form of interest-bearing securities, to banks.

| | 2001 | 2000 |
|---|--------|--------|
| This item includes: | | |
| - Loans and advances to group companies | 61,803 | 58,057 |
| of which subordinated | 86 | 75 |
| Assets transferred under sale and repurchase transactions | 9,299 | 8,646 |
| Amount not readily available (pledged as security) | - | 10 |

⁶⁾ Reference is made to the notes on pages 6 to 13 for the accounting policies.

41 Lending

This item consists of loans and advances, other than in the form of interest-bearing securities, to clients other than banks.

| | 2001 | 2000 |
|--|---------------|---------------|
| This item can be broken down as follows: | | |
| - Public sector lending | 425 | 449 |
| - Private sector lending | 54,953 | 46,033 |
| - Professional securities transactions | 7,995 | 9,070 |
| Total lending | 63,373 | 55,552 |
| This item includes: | | |
| - Loans and advances to group companies | 25,521 | 17,721 |
| - Loans and advances to other participating interests | 124 | - |
| of which subordinated | 124 | - |
| - Value of assets transferred under sale and repurchase transactions | 2,239 | 1,418 |
| - Loans and advances guaranteed by public authorities | 3,603 | 3,379 |
| - Other mortgages | 414 | 425 |
| Total home mortgages | 88 | 128 |
| Breakdown of private sector lending by industry sector: | | |
| - Agricultural sector | 13% | 17% |
| - Trade, industry and services sector | 87% | 83% |

42 Interest-bearing securities

This item represents interest-bearing negotiable bonds and other interest-bearing securities, other than short-term government paper.

| | 2001 | 2000 |
|---|---------------|---------------|
| Interest-bearing securities of: | | |
| - Public authorities | 36,238 | 36,734 |
| - Other issuers | 21,899 | 18,088 |
| Total interest-bearing securities | 58,137 | 54,822 |
| This item can be broken down as follows: | | |
| - Investment portfolio | 25,009 | 22,054 |
| - Trading portfolio | 32,361 | 31,775 |
| - Securitised loans | 767 | 993 |
| | 58,137 | 54,822 |
| The portfolio includes: | | |
| - Own securities | 97 | 117 |
| - Securities issued by group companies | 359 | 74 |
| - Subordinated securities | 5 | 43 |
| Listed securities | 47,480 | 50,732 |
| Unlisted securities | 10,657 | 4,090 |
| Falling due next year | 12,832 | 14,347 |
| Given on loan | 28 | 585 |
| Amount not readily available (pledged as security) | 4,933 | 5,397 |
| Assets transferred under sale and repurchase transactions | 10,158 | 33,093 |
| Investment portfolio at cost | 25,511 | 22,518 |
| Trading portfolio at cost | 32,362 | 31,949 |
| Movements in the investment portfolio: | | |
| Balance at 1 January | 22,054 | 24,993 |
| Purchases | 21,506 | 30,280 |
| Sales and redemptions | (18,932) | (33,394) |
| Other movements | 381 | 175 |
| Balance at 31 December | 25,009 | 22,054 |

43 Shares

This item consists of shares and other variable-yield securities, and temporary other investments.

| | 2001 | 2000 |
|---|-----------|------------|
| This item can be broken down as follows: | | |
| - Investment portfolio | 32 | 158 |
| - Trading portfolio | 1,903 | 6,000 |
| - Client options | 308 | 642 |
| | 2,243 | 6,800 |
| Listed securities | 1,110 | 1,212 |
| Unlisted securities | 1,133 | 5,588 |
| Trading portfolio at cost | 1,694 | 6,004 |
| Temporary other investments included in total | 26 | 50 |
| Movements in the investment portfolio: | | |
| Balance at 1 January | 158 | 137 |
| Purchases | 8 | 22 |
| Sales | (132) | (10) |
| Diminution in value and reversals | (2) | 9 |
| Balance at 31 December | 32 | 158 |

44 Participating interests in group companies

This item includes the direct interests in group companies.

| | 2001 | 2000 |
|--|--------------|--------------|
| Interests in group companies, of which: | | |
| - Credit institutions | 1,696 | 1,538 |
| - Other | 5,877 | 3,734 |
| Total participating interests in group companies | 7,573 | 5,272 |
| Movements in participating interests in group companies: | | |
| Balance at 1 January | 5,272 | 5,244 |
| Acquisitions/capital contributions | 2,285 | 818 |
| Disposals | (9) | (379) |
| Profit for the year | 813 | 863 |
| Reclassification | - | (928) |
| Revaluation and other movements | (788) | (346) |
| Balance at 31 December | 7,573 | 5,272 |

45 Other participating interests

This item includes the interests in other participating interests.

| | 2001 | 2000 |
|--|------------|------------|
| Participating interests, of which: | | |
| - Credit institutions | 6 | 5 |
| - Other | 109 | 106 |
| Total other participating interests | 115 | 111 |
| These investments are not listed. | | |
| Movements in participating interests in group companies: | | |
| Balance at 1 January | 111 | 57 |
| Acquisitions | 20 | 57 |
| Disposals | (18) | (12) |
| Profit for the year | 21 | - |
| Revaluation and other movements | (19) | 9 |
| Balance at 31 December | 115 | 111 |
| Total revaluations | 30 | 15 |
| Total diminutions in value | 13 | 13 |

46 Property and equipment

This item consists of buildings and land, equipment and other tangible fixed assets, as well as tangible fixed assets not in use by the Bank, such as fixed assets acquired under foreclosure.

| | 2001 | 2000 |
|---------------------------------------|------------|------------|
| Land and buildings in use by the Bank | 228 | 171 |
| Equipment | 42 | 60 |
| Total property and equipment | 270 | 231 |

Movements in property and equipment

| | Land and buildings in use by the Bank | Equipment | Total |
|---|---------------------------------------|-----------|------------|
| Net book value at 1 January | 171 | 60 | 231 |
| Additions | 61 | 26 | 87 |
| Disposals | - | (3) | (3) |
| Revaluation | 7 | - | 7 |
| Depreciation and diminution in value | (12) | (43) | (55) |
| Exchange differences | 1 | 2 | 3 |
| Net book value at 31 December | 228 | 42 | 270 |
| Total revaluations | 57 | - | 57 |
| Total depreciation and diminutions in value | 175 | 107 | 282 |

47 Other assets

This item relates to precious metals, certificates representing precious metals, coins and medals made of precious metals (not being legal tender), goods and warehouse receipts, and assets that cannot be classified under any other heading.

Amounts receivable, other than prepayments and accrued income, included under this heading amount to EUR 1,945 (857) million.

48 Prepayments and accrued income

This item relates to prepaid expenses, interest receivable and other receivables not yet billed.

49 Banks

This item represents amounts owed to credit institutions, other than debt securities and subordinated loans.

Of which amounts due to group companies: EUR 28,420 (24,783) million and debts secured by assets: EUR 18,617 (33,075) million.

50 Funds entrusted

This item consists of funds entrusted by clients other than debt securities. This item includes funds entrusted by group companies of EUR 10,093 (7,781) million and other participating interests of EUR 145 (57) million and funds entrusted secured by assets of EUR 5,613 (14,357) million. Savings are all deposits and savings accounts of natural persons, non-profit-making associations and foundations, as well as non-transferable savings bonds.

51 Debt securities

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit.

Of which group companies: EUR 178 (183) million.

52 Other liabilities

This item includes liabilities that cannot be classified under any other heading, such as short positions in securities and liabilities on account of securitised loans.

53 Accruals and deferred income

This item relates to payments received in advance, accrued interest and other amounts payable.

54 Provisions

This item represents provisions formed for the equalisation of costs originating in the year under review or prior years, but to be incurred in future years, over a number of years. It also includes best estimates of obligations and losses existing at the balance sheet date, the extent of which is still uncertain.

| | 2001 | 2000 |
|---------------------------------|------------|------------|
| Provision for pensions | 10 | 2 |
| Provision for deferred taxation | 30 | 82 |
| Other provisions | 581 | 530 |
| Total provisions | 621 | 614 |

55 Fund for general banking risks

After due allowance for tax payable, the addition for the year was EUR 3 (33) million. The movement in 2001 is attributable to adjustment of the corporate income tax rate in 2002.

56 Share capital

This item represents the issued and fully paid-up share capital. All shares are held by local member banks. There were no movements in 2001.

57 Revaluation reserve

This item represents the differences between the cost and carrying value of revalued assets, net of the related provision for deferred taxation.

| | 2001 | 2000 |
|--|------------|------------|
| The revaluation reserve can be broken down as follows: | | |
| - Reserve for immovable property | 63 | 56 |
| - Reserve for securities exchange differences | 141 | 406 |
| - Reserve for value adjustments to participating interests | (148) | (167) |
| - Revaluation reserve for participating interests | 19 | 15 |
| - Revaluation reserve for swap transactions | 145 | - |
| - Revaluation reserve for temporary other investments | 51 | - |
| Total revaluation reserve | 271 | 310 |
| Movements in reserves: | | |
| Balance at 1 January | 310 | 503 |
| Movement as a result of change in accounting policies | 354 | - |
| Transfer to other reserves | (4) | (55) |
| Revaluations | (171) | (81) |
| Taken to profit and loss account | (218) | (57) |
| Balance at 31 December | 271 | 310 |

58 Other reserves

| | 2001 | 2000 |
|---|--------------|--------------|
| Movements in reserves: | | |
| Balance at 1 January | 2,482 | 2,635 |
| Movement as a result of change in accounting policies | (266) | - |
| Transfer from revaluation reserve | 4 | 55 |
| Other additions | 98 | 35 |
| Goodwill | (521) | (668) |
| Profit appropriation | 337 | 425 |
| Balance at 31 December | 2,134 | 2,482 |

The item goodwill relates principally to amounts paid for (acquisitions of) Interpolis and Robeco. The reserves may not be distributed to the members.

59 Loans associated with the issue of Rabobank membership certificates

In 2000, Rabobank Ledencertificaten N.V., a group company of Rabobank Nederland, issued 40 million non-cumulative variable-interest shares. Of the proceeds, EUR 900 million was on-lent to Rabobank Nederland in the form of a 31-year subordinated loan. In 2001, a further 60 million non-cumulative variable-interest shares were issued. Of the proceeds, EUR 1,350 million was on-lent to Rabobank Nederland in the form of a 30-year subordinated loan. Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid if Rabobank Group incurs a loss in any financial year, the issue proceeds are recognised in part (see notes to the consolidated balance sheet) in the consolidated balance sheet of Rabobank Group as group equity. The loans of EUR 2,250 (900) million are also recognised in the balance sheet of Rabobank Nederland as group equity on account of their being funded by means of perpetual membership certificates. For the same reason, interest payments are accounted for in the profit appropriation.

| | 2001 | 2000 |
|-------------------------------|--------------|------------|
| Movements were as follows: | | |
| Balance at 1 January | 900 | - |
| Issued | 1,350 | 900 |
| Balance at 31 December | 2,250 | 900 |

60 Loan associated with the issue of Trust Preferred Securities

In 1999, 26 million 7% non-cumulative Trust Preferred Securities (financing preference shares) were issued via Rabobank Capital Funding Trust, Delaware, a group company of Rabobank Nederland, raising total proceeds of EUR 650 million. These proceeds were on-lent to Rabobank Nederland in the form of a 20-year subordinated loan. Since the issue proceeds are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid on the financing preference shares if the consolidated profit and loss account of Rabobank Group in any year shows that a loss has been made, the issue proceeds are recognised as group equity. The loan of EUR 650 million is also recognised in Rabobank Nederland's balance sheet as group equity on account of its being funded by means of perpetual financing preference shares. For the same reason, interest payments are accounted for in the profit appropriation.

Summary of remaining terms to maturity Rabobank Nederland

(the 2000 figures are shown between brackets)

| | Total | Withdrawable: | | | | |
|-------------------------|-----------|-----------------------|------------|------------------------|-----------------------|-----------|
| | | On demand/ undated | ≤ 3 months | > 3 months ≤ 1 year | > 1 year ≤ 5 years | > 5 years |
| Assets | | | | | | |
| Banks | 94,780 | 8,383 | 36,458 | 14,463 | 21,155 | 14,321 |
| | (90,142) | (9,783) | (37,578) | (11,531) | (15,418) | (15,832) |
| Lending | 63,373 | 8,471 | 26,200 | 4,364 | 14,303 | 10,035 |
| | (55,552) | (7,092) | (24,810) | (4,037) | (13,003) | (6,610) |
| Liabilities | | | | | | |
| Banks | 102,823 | 14,342 | 63,286 | 7,230 | 2,550 | 15,415 |
| | (106,058) | (11,520) | (70,563) | (8,009) | (1,648) | (14,318) |
| <i>Funds entrusted:</i> | | | | | | |
| Savings | 86 | 13 | 46 | 24 | 3 | - |
| | (82) | (15) | (34) | (28) | (4) | (1) |
| Other | 69,530 | 10,406 | 41,125 | 5,671 | 8,421 | 3,907 |
| | (50,638) | (8,259) | (31,429) | (3,186) | (3,548) | (4,216) |
| Debt securities | 51,050 | - | 14,948 | 9,521 | 19,004 | 7,577 |
| | (43,303) | (-) | (14,697) | (7,302) | (14,808) | (6,496) |

Management and agency services

Management and agency services to third parties relate to all the Bank's activities. The Bank also administers assets, in its own name but for the account and risk of third parties, which are separate from the Bank's own assets.

Foreign currency

Total assets denominated in foreign currencies amount to EUR 110,507 (97,543) million.

Total liabilities denominated in foreign currencies amount to EUR 156,674 (120,666) million.

The balance of these amounts does not reflect the currency position, as most of the risk has been hedged by means of forward transactions not disclosed in the balance sheet. Part of the forward exchange transactions relates to trading positions.

61 Contingent liabilities

This item relates to transactions in which Rabobank Nederland has assumed liability for the commitments of third parties.

| | 2001 | 2000 |
|---|---------------|---------------|
| Contingent liabilities consist of: | | |
| - Bills discounted | 37 | 283 |
| - Guarantees, etc. | 9,063 | 8,751 |
| - Irrevocable letters of credit | 870 | 693 |
| - Other contingent liabilities | 303 | 699 |
| Total contingent liabilities | 10,273 | 10,426 |
| Of which: | | |
| - Contingent liabilities of group companies | 3,461 | 2,422 |
| - Contingent liabilities secured by assets | 49 | - |

Securities lending account

Interest-bearing securities of EUR 28 (585) million were received on loan. These amounts are not included in the balance sheet.

Liability undertaking

Pursuant to section 403 of Book 2 of the Netherlands Civil Code, Rabobank Nederland has assumed liability for the debts arising from the legal transactions of a number of group companies.

Internal liability (Cross-guarantee system)

In accordance with section 12 of the Credit System Supervision Act 1992 [Wet toezicht kredietwezen 1992] various corporate entities forming part of Rabobank Group stand surety for one another. This cross-guarantee system constitutes a legal arrangement under which the fulfilment of each participating entity's commitments is guaranteed by the other participants in the event of a shortfall of funds.

The participating entities are:

- the local member banks, members of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA
- Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (Rabobank Nederland), Amsterdam
- Rabohypotheekbank NV, Amsterdam
- Raiffeisenhypotheekbank NV, Amsterdam
- Schretlen & Co. NV, Amsterdam
- De Lage Landen International BV, Eindhoven
- De Lage Landen Financiering BV, Eindhoven
- De Lage Landen Trade Finance BV, Eindhoven
- De Lage Landen Financial Services BV, Eindhoven

62 Irrevocable facilities

This item relates to all irrevocable facilities that could lead to lending.

| | 2001 | 2000 |
|-------------------------------------|---------------|---------------|
| Unused credit facilities | 20,339 | 30,528 |
| Other | 40 | 88 |
| Total irrevocable facilities | 20,379 | 30,616 |

Of which group companies: EUR 2,968 (582) million.

Derivatives

The derivatives schedule included in the notes to the consolidated financial statements relates almost entirely to Rabobank Nederland.

Employees

The average number of employees was 6,822 (6,365).

Of which:

- abroad: 2,110 (1,956)

- on a full-time equivalent basis: 6,622 (6,150)

Emoluments of members of the Supervisory Board of Rabobank Nederland

The total fixed remuneration of the members of the Supervisory Board amounted to EUR 0.4 (0.3) million.

This amount is included under staff costs.

Emoluments of members of the Board of Directors and Executive Board of Rabobank Nederland

The emoluments of the members of the Board of Directors and the Executive Board amounted to EUR 11.1 (8.8) million. This amount is included under staff costs.

Loans and advances to, as well as guarantees given on behalf of, members of the Board of Directors and the Executive Board amounted to EUR 5.8 (4.5) million, for members of the Supervisory Board of Rabobank Nederland these amounted to EUR 1.5 (1.6) million.

Utrecht, 7 March 2002

The Board of Directors

W. Meijer

P.A.A.M. Rutten

L. Koopmans

P.C. Lodders-Elfferich

J. Bilderbeek

G. van Dijk

A.J.A.M. Vermeer

J.B. Uit den Boogaard

S.M. Dekker

The Executive Board

H.N.J. Smits

W.M. van den Goorbergh

D.J.M.G. van Slingelandt

J.F.C.M. van Nuenen

J.C. ten Cate

J.J. Verhaegen

The Supervisory Board

D. Luteijn

A.H. van der Zwaan

H.G.J. Hermsen

S.E. Eisma

M.J. Varekamp

M.A. Bierens

N.H. Douben

Y.C.M.T. van Rooy

H.C. Scheffer

A.W. Veenman

Participating interests

Once the financial statements are adopted, the list as referred to in sections 379 and 414 of Book 2 of the Netherlands Civil Code will be filed at the Trade Registry of the Chamber of Commerce and Industries under number 30.046.259.

Other information

A. Articles of Association provisions governing members' contributions to shortfalls

If, in the event of Rabobank Nederland's liquidation, whether by court order or otherwise, its assets should prove to be insufficient to meet its liabilities, the members at the time of the liquidation as well as those who ceased to be members in the year prior to the liquidation shall be liable for the deficit. In the event Rabobank Nederland is dissolved on account of its insolvency after it has been declared bankrupt, not only the members at that time but also those who ceased to be members in the year prior to the bankruptcy order shall be jointly liable for any shortfalls.

The amount payable by each member or former member shall be in the same proportion to the shortfall as their individual balance sheet total according to their latest adopted balance sheet to the latest adopted balance sheet totals of all liable members and former members together.

If it should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining members and former members shall be jointly liable for the amount not recovered in the same proportion.

In the event of a liquidation out of court, the inability to recover the share of one or more members or former members in the shortfall shall be deemed to exist if the liquidators, subject to the approval of the Supervisory Board, should waive the right of recourse because exercising the right would not lead to any recovery.

The amount for which members or former members are liable shall never be more than three per cent of their latest adopted balance sheet total. Liable former members who contributed to earlier equity deficits shall be allowed to deduct the amount paid earlier from the amount chargeable to them in the event of Rabobank Nederland's liquidation.

B. Articles of Association provisions governing profit appropriation and proposed profit appropriation of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (Rabobank Nederland)

Articles of Association provisions governing profit appropriation

From the profit, a dividend may be distributed, the amount of which is determined by the General Meeting on a motion by the Board of Directors and the Executive Board. The General Meeting, likewise on a motion by the Board of Directors and the Executive Board, shall appropriate the remaining profit to strengthen Rabobank Nederland's solvency position.

During the existence of Rabobank Nederland, the reserves shall not be distributed among the members, neither in whole nor in part. If, at any time, Rabobank Nederland should decide to wind up its business with a view to having it continued by another legal entity or institution, these reserves shall pass to that other legal entity or institution.

Proposed appropriation of available profit of Rabobank Nederland

| (in EUR millions) | 2001 | 2000 |
|---|------------|------------|
| Net profit | 459 | 501 |
| Payment on Rabobank membership certificates | 76 | 30 |
| Payment on Trust Preferred Securities | 46 | 46 |
| Addition to other reserves | 337 | 425 |

C. Articles of Association provisions governing profit appropriation of local member banks

Articles of Association provisions governing profit appropriation

The profit disclosed in the profit and loss account shall be added to other reserves, which shall serve to extinguish any losses.

After the directors, subject to the approval of the Supervisory Board, have tabled a motion to that effect, the General Meeting may depart from the foregoing as follows. Of the amount which should be added to other reserves, the General Meeting may disburse at most one quarter part but no more than an amount equal to four per cent of the amount of those other reserves for purposes which it considers to be of local or general interest.

In no event may reserves be distributed among the members.

D. Appropriation of available profit of Rabobank Group

| (in EUR millions) | 2001 | 2000 |
|---|--------------|--------------|
| Net profit | 1,291 | 1,194 |
| Payment on Rabobank membership certificates | 76 | 30 |
| Payment on Trust Preferred Securities | 46 | 46 |
| Addition to other reserves | 1,169 | 1,118 |

E. Foreign offices

EUROPE

Belgium

Antwerp
Brussels
Zaventem

Denmark

Ballerup

Germany

Frankfurt
Düsseldorf

Finland

Helsinki

France

Paris

Great Britain

Edinburgh
London
Watford

Guernsey

St. Peter Port

Hungary

Budapest

Republic of

Ireland

Dublin

Italy

Milan

Luxembourg

Luxembourg

Poland

Poznan
Warsaw

Portugal

Lisbon

Russia

Moscow

Spain

Madrid

Sweden

Sundyberg

Switzerland

Geneva
Schlieren
Zürich

AMERICA

Argentina

Buenos Aires

Brazil

Canoas
São Paulo

Canada

Oakville

Toronto

Chili

Santiago

Curaçao

Willemstad

Mexico

Mexico city

United States

Atlanta
Berwyn
Chicago
Dallas
Des Moines
New York
San Francisco
Toledo
Washington
Wayne

AUSTRALIA

Adelaide

Ayr

Brisbane

Cloncurry

Darwin

Dubbo

Emerald

Esperance

Forbes

Geraldton

Goondiwindi

Goulburn

Griffith

Ingham

Launceston

Longreach

Mackay

Melbourne

Moree

Mount Gambier

Perth

Rockhampton

Swan Hill

Sydney

Tamworth

Toowoomba

Townsville

Wagga Wagga

Warrnambool

New Zealand

Alexandra

Ashburton

Auckland

Blenheim

Christchurch

Dannevirke

Dunedin

Feilding

Gisborne

Gore

Greymouth

Hamilton

Hastings

Invercargill

Masterton

New Plymouth

Oamaru

Palmerston North

Pukekohe

Rotorua/Taupo

Taumarunui

Te Kuiti

Te Puke

Thames

Timaru

Waipukurau

Wanganui

Wellington

Whangarei

ASIA

China

Beijing

Hong Kong

Shanghai

India

Mumbai

New Delhi

Indonesia

Jakarta

Japan

Tokyo

Singapore

Singapore

Taiwan

Taipei

Thailand

Bangkok

Turkey

Istanbul

F. Auditors' report

Introduction

We have audited the 2001 financial statements of Coöperatieve Centrale Raiffeissen-Boerenleenbank BA (Rabobank Nederland), Amsterdam, of which the financial statements of Rabobank Group form a part, as included in this report. These financial statements are the responsibility of Rabobank Nederland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Rabobank Nederland's management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2001 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Utrecht, 7 March 2002

Ernst & Young Accountants

Key figures

| | 2001 | 2000 | 1999 | 1998 | 1997 | |
|--|---------|---------|---------|---------|---------|---------------------------------|
| Volume of services (in EUR millions) | | | | | | |
| Total assets | 363,619 | 342,920 | 281,218 | 249,718 | 194,222 | |
| Private sector lending | 197,262 | 179,137 | 161,074 | 129,554 | 117,569 | |
| Funds entrusted | 172,174 | 146,705 | 127,527 | 114,826 | 98,307 | |
| Assets managed ⁷⁾ | 177,800 | 159,000 | 139,800 | 124,100 | 83,700 | |
| Premium income, insurance | 3,926 | 3,417 | 2,867 | 2,485 | 2,168 | |
| Financial position and solvency (in EUR millions) | | | | | | |
| Reserves | 14,914 | 13,108 | 11,867 | 10,381 | 9,708 | |
| Tier I capital | 16,976 | 14,653 | 13,007 | 11,817 | 11,113 | |
| Tier I + Tier II capital | 17,426 | 15,093 | 13,650 | 12,660 | 11,947 | |
| Total risk-weighted assets | 152,812 | 142,278 | 129,801 | 114,445 | 107,163 | |
| Tier I ratio ⁸⁾ | 10.2 | 10.3 | 10.0 | 10.3 | 10.4 | |
| BIS ratio ⁸⁾ | 10.5 | 10.6 | 10.5 | 11.1 | 11.1 | |
| Profit and loss account (in EUR millions) | | | | | | |
| | | | | | | General: |
| - Interest | 5,060 | 4,585 | 4,499 | 3,781 | 3,542 | The figures relating to group |
| - Commission and other income | 3,374 | 3,175 | 2,307 | 2,051 | 1,738 | entities will not always |
| Total income | 8,434 | 7,760 | 6,806 | 5,832 | 5,280 | correspond with Rabobank |
| Operating expenses | 5,834 | 5,459 | 4,826 | 4,099 | 3,730 | Group totals due to consoli- |
| Value adjustments to receivables | 480 | 360 | 350 | 340 | 254 | dation effects. |
| Value adjustments to financial fixed assets | 59 | 9 | 0 | 0 | 0 | |
| Addition to the Fund for general banking risks | 0 | 52 | 100 | 0 | 0 | 7) |
| Operating profit before taxation | 2,061 | 1,880 | 1,530 | 1,393 | 1,296 | As a result of a change in |
| Taxation on operating profit | 578 | 507 | 423 | 401 | 395 | definition, assets under |
| Third-party interests | 192 | 179 | 87 | 56 | 36 | management can no longer |
| Net profit | 1,291 | 1,194 | 1,020 | 936 | 865 | be compared with amounts |
| | | | | | | disclosed in previous financial |
| | | | | | | statements. The assets under |
| | | | | | | management consist of |
| | | | | | | assets managed for |
| | | | | | | customers and the group's |
| | | | | | | investment portfolio. |
| Ratios | | | | | | |
| Return on reserves | 9,8% | 10,1% | 9,8% | 9,6% | 9,8% | |
| Efficiency ratio | 69,2% | 70,4% | 70,9% | 70,3% | 70,6% | |
| Other data (numbers of) | | | | | | |
| Member Banks | 369 | 397 | 424 | 445 | 481 | |
| Offices: | | | | | | 8) |
| - branches | 1.648 | 1.727 | 1.795 | 1.797 | 1.823 | The Tier I ratio and the BIS |
| - agencies | 455 | 548 | 610 | 629 | 654 | ratio for 2001 have been cal- |
| Cash dispensing machines | 2.889 | 2.676 | 2.546 | 2.430 | 2.268 | culated taking into account |
| Foreign offices | 143 | 142 | 147 | 150 | 112 | the effect on equity of the |
| Employees: | | | | | | changed accounting policy |
| - total number | 58.120 | 55.098 | 53.147 | 49.465 | 44.667 | for pensions with effect from |
| - full-time equivalents | 52.173 | 49.711 | 48.224 | 45.310 | 40.927 | 1 January 2002 (see 2001 |
| Members (x 1,000) | 825 | 550 | 510 | 515 | 525 | financial statements). |

Colophon

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The ink used in printing the report, Reflecta ECO, is free of mineral oil.

Publication

This publication and the separate 'Rabobank Group Annual Report 2001' together form the annual report, financial statements and other information of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA.

Filing

After they have been adopted, the 'Rabobank Group 2001 Financial Statements and other information' will be filed at the offices of the Trade Registry of the Chamber of Commerce and Industries under number 30046259.

Annual Reports

Rabobank Group publishes the following annual reports:

- Annual Report 2001
(in Dutch and in English);
- 2001 Financial Statements and other information
(in Dutch and in English);
- Annual Report 2001 People, Planet, Profit
(in Dutch and in English, to be published in June 2002)
- Interim Report 2002
(in Dutch and in English, to be published in September 2002)

For copies of these reports please contact Rabobank Nederland, Communications Directorate.

Telephone +31 (0)30 - 216 20 40

Fax +31 (0)30 - 216 19 16

E-mail rabocomm@rn.rabobank.nl



All Annual Reports are also available on the internet
www.rabobankgroup.com/results