

Press release

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GOOD PERFORMANCE RABOBANK GROUP IN AN ECONOMICALLY DIFFICULT YEAR

- Net profit up 12% in 2003
- Tier I ratio: 10.8
- Private sector lending up 11%
- Savings up 8%
- Assets managed and held in custody up 10%
- Insurance premium income up 6%
- Lease portfolio up 11%

Looking back on 2003, Bert Heemskerk, Chairman of the Executive Board of Rabobank Group, described the year as “satisfactory”. “Rabobank Group performed well in 2003. Net profit increased by 12%, which means that we achieved our long-term target. We managed this by achieving a strong increase in income in economically difficult times,” Heemskerk said.

Outlook for 2004

Heemskerk’s outlook for 2004 is moderately optimistic: “Some economic improvement is expected this year. Against this background, an increase in our income should be possible. However, in order to attain our financial targets we must stick to our stringent cost management. Barring unforeseen circumstances, I expect further growth in net profit in 2004.”

Volume of financial services

	<i>change</i>	<i>volume</i>
Banking		
Private sector lending	+ 11%	EUR 235 billion
Funds entrusted	0%	EUR 173 billion
Investment		
Assets managed and held in custody	+ 10%	EUR 184 billion
Number of securities and option orders at local banks	- 3%	2.8 million
Insurance		
Insurance premium income	+ 6%	EUR 3.9 billion
- Life	+ 13%	EUR 2.4 billion
- Non-life	+ 7%	EUR 1.3 billion
Leasing		
Lending portfolio	+ 11%	EUR 12 billion

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Financial results

	<i>change</i>	<i>volume</i>
Income	+ 8%	EUR 9,238 million
Operating expenses	+ 7%	EUR 6,243 million
Net profit	+12%	EUR 1,403 million
Return on equity		9.4%
Total assets	+ 8%	EUR 404 billion
BIS ratio		10.9
Tier I ratio		10.8

2003 results

Total income increased by 8% in 2003 to EUR 9,238 million, with interest accounting for the majority, which is 65%. In the year under review, interest rose by EUR 619 million to EUR 6,010 million, a rise of 11%. The increase was due to growth in both lending and savings and a higher interest margin. Moreover, the low interest rate in the capital markets caused many private individuals to redeem their mortgages prematurely, resulting in additional revenues. Total commission for 2003 was EUR 1,852 million. Operating expenses increased by 7% to EUR 6,243 million, 3% of which was due to additions to provisions, 2% to acquisitions and 1% to the expansion of subsidiaries' activities. Growth in like-for-like expenses was kept down at 1%.

Net profit up 12%

After tax of EUR 733 million and third-party interests of EUR 266 million, net profit amounted to EUR 1,403 million, up 12% on 2002.

Financial targets

In 2003, Rabobank Group attained two of its three long-term financial targets. These targets are a minimum net profit growth of 12%, a Tier I ratio of 10.0 and a return on equity of 10.0%. The return on equity was 9.4%.

In 2002 we introduced some short-term targets to take account of the state of the economy and the stock market prospects. These included a minimum net profit growth of 8.0%, a Tier I ratio of 10.0 and a return on equity of 8.0%. These targets were continued in 2003 because the prospects for an improvement in the economy and the stock markets at the beginning of that year were not yet firm enough. In 2003, all three targets were comfortably exceeded.

BANKING

Lending

Lending to the private sector - private individuals, trade, industry and services, and the agricultural sector - rose by 11% to EUR 235 (212) billion. Of this increase, 3 percentage were due to acquisitions. Like-for-like growth in lending was 8%, a strong increase given the difficult economic conditions, and was mainly thanks to growth in home mortgages. In the year under review, private individuals borrowed 14% more, compared with a 12% increase in 2002. Lending to corporate clients in the trade, industry and services sector increased by 7 %. In total, the food and agricultural sector borrowed 9 % more. Lending to the primary sector grew by 15 %, mainly due to acquisitions in the USA. The international food & agricultural sector accounted for 1% of the increase. Total lending by Rabobank Group (including lending to the public sector and professional securities transactions) increased by 11% to EUR 251 (225) billion.

Funds

Total funds – savings, professional securities transactions and other funds – remained at virtually the same level as in 2002, at EUR 173 billion. Savings rose by 8% to EUR 72 (66) billion, with Internet savings accounting for the majority of the increase. The volatile stock exchange climate and the economic uncertainty again prompted many clients to opt for the security of a savings account.

Retail banking business

The retail banking business turned in an excellent performance in 2003. Gross profit increased by 18% to EUR 1,643 (1,387) million. Income rose by 8% on 2002, while operating expenses increased by 4%. The rise in income was largely due to growth in both lending and savings. The increase in commission was due in part to higher results on funds transfers. In 2003, staff numbers in the retail business decreased by 1,921 FTEs.

Wholesale banking business

The wholesale banking business, comprising Rabobank Nederland Corporate Clients, Rabobank International and Group Treasury, succeeded in achieving a marked growth in its results in the year under review. Gross profit increased by 10% in 2003 to EUR 987 (900) million, on an 8% growth in income. Operating expenses increased by 6%, mainly as a result of the integration of units acquired from Rabobank International.

INVESTMENT

Strong recovery

The result on asset management and investment activities showed a strong recovery, growing by 24% to EUR 157 (127) million. Income increased by 6%, operating expenses by 1%.

Securities orders at local Rabobanks up 3%

The number of securities and option orders for clients of the local Rabobanks increased by 3% to 1.8 million in the year under review. The number of orders for Robeco funds placed via the local banks fell by 14% to 1.0 million. The number of investment orders placed via internet broker Alex showed an increase of over 20% to more than 2.0 million.

Assets managed and held in custody up 10%

Total assets managed and held in custody by Rabobank Group increased by 10% in 2003 to EUR 184 billion. Assets managed and held in custody comprise the assets managed on clients' behalf and the Group's own investment portfolio. Assets managed on behalf of clients, including the assets managed by Interpolis on behalf of third party pension funds, grew by EUR 15 billion to EUR 132 billion. The Group's own investment portfolio increased by 1% in 2003 to EUR 52 billion.

INSURANCE

Interpolis' profit more than doubled

The growth in the profit of the insurance business more than doubled. Interpolis' gross profit increased by 126% to EUR 174 (77) million, mainly as a result of improved operating income. In addition, the market value of Interpolis' securities portfolio increased sharply in 2003. As a result, part of the value adjustments to financial fixed assets recorded last year could be reversed.

A few business units produced disappointing results however. The results of Mens & Werk, for example, were lower than expected. The merger of various units into a single business, political measures and falling figures for absenteeism due to illness resulted in higher costs and lower sales volumes.

Insurance premium income up 6%

Interpolis' insurance premium income increased by 6% in 2003 to EUR 3,893 million. Life premium income grew by 13% to EUR 2,436 million and premium income from the non-life insurance business grew by 7% to EUR 1,278 million.

Income from services up 15%

Interpolis' income from services, mainly in the fields of pensions and industrial health and safety (absenteeism management, health and safety, and reintegration) increased by 15% in 2003 to EUR 279 million. Pensions showed a particularly sharp increase.

LEASING

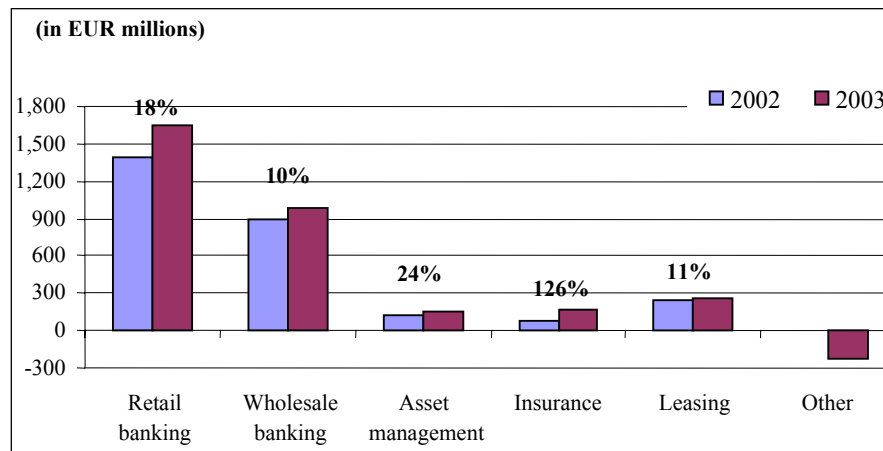
De Lage Landen continued its success story of the past years. Gross profit from leasing activities rose by 11% to EUR 264 (238) million. Income increased by 8% and expenses by 6%. The result is largely attributable to activities in the United States. Due to currency risk hedging, however, the decline of the dollar had a negligible effect on profit.

Loans portfolio

De Lage Landen's loans portfolio grew by 11% in 2003 to EUR 12.3 (11.0) billion. Growth was depressed by the decline of the dollar relative to the euro. Excluding this effect, growth would have been 25%.

Of the total portfolio, EUR 5.3 (4.9) billion related to the America division and EUR 7.0 (6.1) billion to the Europe division, of which EUR 3.3 (2.6) billion related to the Netherlands.

GROSS PROFIT BY GROUP UNIT



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NOTES TO THE BALANCE SHEET

Rabobank Group's consolidated total assets grew by 8% in 2003 to EUR 403 billion. Lending to the private sector increased by 11%. Savings were more popular than investments, as was the case in 2002, increasing by 8% in 2003. The Tier I ratio was 10.8.

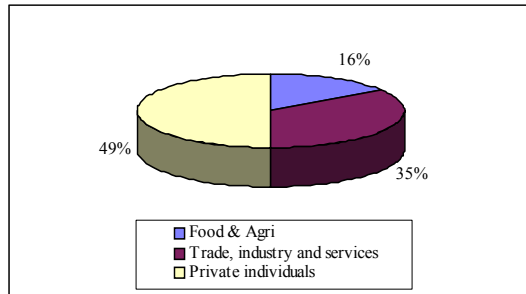
THE ASSETS SIDE OF THE BALANCE SHEET

Total lending

Total lending by Rabobank Group increased by 11% in 2003 to EUR 251 (225) billion. This total comprises: lending to the public sector, professional securities transactions and lending to the private sector.

In 2003, lending to the public sector increased by EUR 1.4 billion to EUR 2.2 billion. The volume of professional securities transactions was EUR 13.2 (12.1) billion. Lending to the private sector - private individuals, the agricultural sector and trade, industry and services - rose to EUR 235 billion. This represents an 11% increase, 3% of which was due to acquisitions. Organic growth in lending was 8%, a significant increase under the circumstances.

Lending by sectors



Trade, industry and services

Amounts borrowed by corporate clients in the trade, industry and services sector was up 7%, or EUR 5.5 billion, at year-end 2003 compared with year-end 2002. Total loans granted to this sector amounted to EUR 81.3 billion.

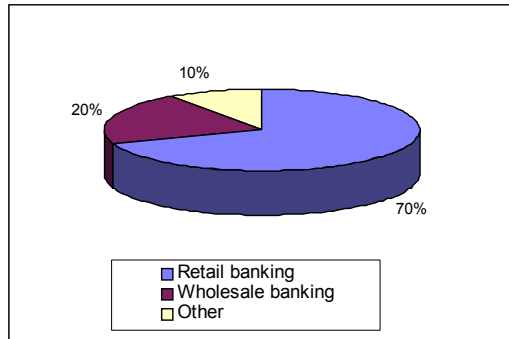
Food and agricultural sector

At the end of 2003, lending to the food and agricultural sector was 9% higher than at the end of 2002. Total loans granted to the food and agricultural sector amounted to EUR 36.6 (33.4) billion, of which EUR 24.2 (20.2) billion was granted to the primary agricultural sector and EUR 12.4 (13.2) billion to the international food and agricultural sector.

Private individuals

Total loans to private individuals amounted to EUR 117.5 (103.0) billion, EUR 14.5 billion higher than in 2002, an increase of 14%. Mortgage loans at EUR 116.1 (99.8) billion accounted for the greater part.

Lending by Group unit



Of the total lending to the private sector of EUR 235.4 billion, EUR 164.4 billion was granted by retail banking operations, i.e. the local Rabobanks. Their share of Group lending was 70%. Wholesale banking accounted for 20%, or EUR 47.9 billion, of Group lending, while EUR 23.1 billion was made by other units.

THE LIABILITIES SIDE OF THE BALANCE SHEET

Funds

Total funds - savings, professional securities transactions and other funds – amounted to EUR 172.6 (171.6) billion, virtually unchanged from 2002. Professional securities transactions amounted to EUR 3.3 (6.0) billion. Other funds entrusted, including business balances on current accounts and private balances on drawing accounts, slipped by EUR 1.6 billion to EUR 97.7 billion.

Savings

At end 2003, the volume of savings was EUR 71.6 (66.3) billion, up 8%. The stock market climate and the economic uncertainty led many clients to opt for the security of a savings account.

Other liability items

Banks decreased by 4% to EUR 82.9 (85.9) billion. Debt securities grew by 31% to EUR 80.7 (61.7) billion. At the end of 2003, provisions amounted to EUR 19.5 (18.3) billion. Of this amount EUR 16.6 (15.4) billion related to Interpolis' technical reserves.

Increase in Group equity

Rabobank Group's reserves increased by EUR 2.4 billion to EUR 17.3 billion. This was the result of the addition of net profit and the issue of Trust Preferred Security on the one hand and goodwill paid being charged to reserves on the other. At the end of

2003, Group equity amounted to EUR 23.6 billion, an increase of EUR 2.4 billion. In addition to reserves, this item comprises subordinated loans, the fund for general banking risks and third-party interests.

Off-balance sheet activities

Off-balance-sheet activities include guarantees, irrevocable facilities and derivatives. The amount of guarantees issued at year-end 2003 was EUR 6.4 (7.7) billion; the irrevocable facilities were EUR 26.1 (27.2) billion. The notional value of the derivatives outstanding was EUR 1,970 (1,700) billion. The risk exposure on these instruments is comparable to EUR 32.2 (34.6) billion of loans.

Tier I ratio: 10.8

The Tier I ratio and the BIS ratio are the most common ratios used in the financial world to measure capital adequacy. The Tier I ratio expresses the relationship between core capital and total risk-weighted assets. At 31 December 2003 the Tier I ratio stood at 10.8 (10.3). This is higher than the long-term target of at least 10.0. The minimum requirement set by the external supervisors is 4. The high capital adequacy ratio is one of the main reasons for Rabobank Group's triple A rating awarded by both Moody's and Standard & Poor's.

Total risk-weighted adjusted items increased by EUR 17 billion to EUR 183 billion. This increase was largely due to the rise in lending. The Tier I capital increased by EUR 2.5 billion to EUR 19.7 billion, almost wholly as a result of the increase in reserves.

BIS ratio: 10.9

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital by the total of risk-weighted assets. The BIS ratio was 10.9 (10.5), comfortably exceeding the minimum requirement set by the external supervisors of 8.0.

NOTES TO THE PROFIT AND LOSS ACCOUNT

Rabobank Group reported a good financial performance in 2003. Net profit increased by 12% to EUR 1,403 million. As a result, the long-term targets were attained despite not particularly favourable circumstances.

The net profit was realised on an increase in income and expenses of 8% and 7% respectively. In view of the circumstances, income growth was relatively sizeable. Even if the effect of acquisitions is excluded, growth was still substantial. The increase in expenses, however, was sizeable as well, although the underlying trend in expenses was distorted by non-recurring charges such as additions to provisions. Excluding the effect of such charges and that of acquisitions, expenses grew only moderately, which was the result of the cost saving measures taken over the past few years.

INCOME

Total income rose by 8% to EUR 9,238 million, with interest accounting for the greater part, 65%.

Interest

Interest increased by EUR 619 million, or 11%, to EUR 6,010 million in 2003. The increase was due to growth in both lending and savings and a higher interest margin. Moreover, the low interest rate in the capital markets caused many private individuals to redeem their mortgages prematurely, resulting in additional revenues.

Income from securities and participating interests

Income from securities and participating interests fell by 2% to EUR 519 (529) million.

Commission

Total commission for 2003 was EUR 1,852 (1,795) million, a rise of 3%.

Commission on services

Interpolis reported a 15% increase in commission on services (pensions and industrial health and safety) to EUR 279 (242) million. Commission on pensions services in particular showed a considerable increase.



Securities brokerage

The recovery of the stock exchanges allowed a return to growth in income from securities brokerage, by 11% to EUR 298 (269) million. The increase was achieved almost entirely by the acquisition of Alex. Otherwise, these fees are realised mainly by the local banks. The number of securities orders processed for clients increased by 3% to 1.8 million.

Asset management fees

Asset management fees consist for the greater part of management fees received from the investment funds. The management fees received in 2003 amounted to EUR 385 (386) million.

Results on financial transactions

Results on financial transactions fell by 40% in 2003 to EUR 170 (285) million. Results on financial transactions are realised mainly by the wholesale banking business.

Other income

Other income was EUR 687 (564) million, up 22%. Other income includes underwriting results on Interpolis insurance contracts.

EXPENSES

Operating expenses increased by 7% to EUR 6,243 (5,839) million. At 60%, staff costs make up the bulk of expenses.

Staff costs

Staff costs rose by 2% in 2003 to EUR 3,770 (3,682) million, mainly due to salary increases. The Rabobank Group's workforce decreased in 2003 by 1,018 FTEs to 50,849 FTEs. The number of jobs decreased especially at the local Rabobanks, where the number of FTEs fell by 1,921. Elsewhere, the number of FTEs increased slightly as a result of acquisitions.

Other administrative expenses and depreciation

Other administrative expenses increased by 17%, or EUR 312 million, to EUR 2,101 (1,789) million, mainly owing to non-recurring items, such as the release of provisions for an amount of more than EUR 60 million in 2002. At the time, this depressed the level of other administrative expenses, whereas in 2003 the level of expenses increased as a result of additions of EUR 135 million to provisions, partly in connection with restructuring. In addition, acquisitions pushed up the amount of other administrative expenses. Depreciation of buildings and fixtures and fittings rose by 1% to EUR 372 (368) million.

Value adjustments to receivables

This item is used to account for loan losses. Value adjustments to receivables are determined by Rabobank Group by way of a general provision based on a long-term weighted average of the actual losses expressed as a percentage of outstanding loans, with the most recent years being given the highest weightings. In 2003, value

adjustments to receivables increased by EUR 75 million to EUR 575 million. This increase is mainly due to the economic conditions and increased lending.

Value adjustments to financial fixed assets

Value adjustments to financial fixed assets concern write-downs of participating interests and unrealised price gains and losses on the Interpolis securities portfolio. In 2003, this item amounted to EUR 18 (252) million. The EUR 234 million decrease is attributable to the effect of unrealised price gains and losses on the Interpolis securities portfolio. In 2002 significant price losses were incurred, while in 2003 price gains were achieved.

Net profit

After taxes of EUR 733 (514) million and third-party interests of EUR 266 (209) million, net profit amounted to EUR 1,403 million, a rise of 12% on 2002. Given the market conditions, this is a good result.

Profit appropriation

The net profit, after dividend distributions to holders of membership certificates and Trust Preferred Securities, has been added to reserves to strengthen the financial basis for the further development of Rabobank Group and to create customer value in the future.