

Annual Review 2004

Australia and New Zealand



Rabobank

The world's leading specialist in food and agribusiness banking

All figures expressed in Australian dollars unless otherwise specified.
Statistics as at 31 December 2004.



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Rabobank aspires to be the leading food and agribusiness bank in Australia and New Zealand. We believe the following values should guide all our dealings with our clients, the community and each other.



Our Vision and Values

Commitment...

We are passionate in our focus on the well-being of our clients, we demonstrate a deep understanding of their businesses, we apply our expertise to add real value and we take the long-term view.

Integrity...

We are ethical and open in our relationships, we do what we say we will do, and we act honourably in our dealings.

Respect...

We work in a caring, responsible and cooperative manner, we believe that teamwork is fundamental to a successful enterprise, and we value our corporate reputation.

Sustainability...

We aim to achieve sustainable growth, and we strive to be environmentally responsible and to do business in a socially accountable way.



Foreword

2004 was a year in which Rabobank continued to move from strength to strength in the Australian and New Zealand markets.

The bank experienced impressive revenue and asset growth for the year – a testament both to Rabobank's rapidly-developing presence in Australia and New Zealand and to the strength and success of the food and agribusiness sectors in both countries.

After a year of large-scale growth and development for the bank in 2003, the momentum continued in 2004 with a number of major initiatives reaching fruition.

Chief among these was Rabobank's long-anticipated move into transactional banking in the Australian market. The culmination of several years' work and a major investment in systems upgrades and development, the new transactional capabilities allow the Australian operations to join New Zealand in fully serving the banking needs of rural clients. Extremely well received by the market, the new transactional account, All In One, will provide a solid platform for the business to grow into the future.

On the corporate side, despite challenging market

conditions which restrained activity in the first half of 2004, the business finished the year with a strong growth outlook. It also recorded several highlights for the year, including excellent growth in the Business Banking division and, on the treasury side, involvement in a ground-breaking three-currency \$500 million capital raising, which was named 'Hybrid Deal of the Year'. Also in the treasury area, the year saw plans put in place to establish a Global Financial Markets operation based in Sydney in 2005. This is part of ongoing moves to leverage the global Rabobank Group's strengths in overseas markets and make them available to our local clients.

Another significant development during the year was the bank's move to take full ownership of Rabo Financial Advisors, the specialist rural financial advisory business established as a joint venture in 2002. This was another demonstration of Rabobank's focus on providing specialist financial services to the food, agribusiness and agricultural sectors.

The year's other milestones included the establishment of an independent network of Rabobank branches throughout New Zealand, alongside the continued steady expansion of branch locations in rural Australia. This evidenced the bank's strong commitment to developing the businesses in both countries.

Throughout the year, Rabobank continued its ongoing commitment to the promotion of expertise and professionalism throughout the sector. As always, this took on various forms – from the unique local sector knowledge provided to clients by our people on the ground, to the leading-edge local and international research undertaken by our Food & Agribusiness Research division. In the wider agricultural and food and agribusiness communities, it involves initiatives like the unique Rabobank Executive Development Program for Primary Producers (a program dedicated to developing business management skills among the progressive primary producers of Australia and New Zealand), the Rabobank Visiting Experts program (bringing the expertise of the world's leading international food and agribusiness authorities to Australasia) and a large range of industry sponsorships and events.

For the board, it was time to say farewell to two of our members, Michael Davidson and Ian Langdon, who retired at the end of the year. Michael and Ian have made an invaluable contribution to the bank over the many years they have sat on the board, playing a key role in

guiding the business through a period of enormous growth. They have both been exceptional advocates for the interests of Rabobank and our clients. For this, we thank them very sincerely.

The year also saw us welcome a new member to the board, in the person of John Palmer, one of New Zealand's most highly-regarded business leaders. John has an extensive background in both the agribusiness and financial services industries and is an excellent addition to the board. In early 2005, Rabobank's board will be further complemented by the appointment of experienced Australian company director Bill Gurry.

For the world, of course, 2004 finished on a note of shocking and unprecedented tragedy, with the devastating Boxing Day tsunamis in Asia. Rabobank joined the massive international relief efforts, with the bank globally contributing an initial donation of €100,000 (\$170,000) to emergency aid and reconstruction, in addition to a range of donations and fundraising activities being implemented around the world, including here in Australia and New Zealand.

A global leader in corporate responsibility and sustainability, Rabobank, during 2004, took steps to build its activities in this area in Australasia. This included putting in place a number of initiatives to enable the bank to become more involved in the communities in which we live and work.

As always, the year's achievements could only have been made possible through the efforts of our wonderful staff, who really are the key factor that sets

Rabobank apart from the market. We would like to thank them for their very great contribution through the year.

The other fundamental contributors to the bank's success are, of course, our clients. We are indeed fortunate to number among our clients many of Australia and New Zealand's leading food and agribusiness corporations, large and small, and their most progressive and professional primary producers.

The outlook for growth opportunities for agriculture and agribusiness enterprises is strong.

With the ongoing commitment of our global parent, the AAA rated cooperative Rabobank Group, we look forward to working with the best in Australian and New Zealand agriculture and agribusiness in the year ahead.

James Graham
Chairman

Bruce Dick
Chief Executive Officer



Profile of Rabobank

Rabobank Australia & New Zealand is part of the international Rabobank Group, the world's leading food and agribusiness bank.

Rabobank is one of Australasia's largest rural lenders and a significant provider of banking and financial services to the food and agribusiness sectors in Australia & New Zealand.



The International Rabobank Group

Netherlands-based Rabobank ranks among the 25 largest banks in the world on total assets. It is the largest financial services provider in the Dutch market.

History

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (commonly known as Rabobank) began as a rural credit cooperative in the Netherlands in 1898, when farmers united to overcome rural poverty by providing finance to help build and support each other's businesses.

Size

In its 107-year history, Rabobank has grown to become a major global financial institution. The Rabobank Group today operates in 37 countries, servicing the financial needs of more than nine million clients worldwide through a network of more than 1500 offices and branches.

Headquartered in Utrecht, the Netherlands, the Rabobank Group employs more than 56,000 people around the world.

Financial Strength

Rabobank has the highest credit rating of AAA, awarded by Moody's and Standard & Poor's.

Financial Performance

In the year to December 31, 2004, the global Rabobank Group recorded a net profit of €1.5 billion (approximately \$2.6 billion), an increase of 12% on the previous year. Total income rose 11% to €10.1 billion (approximately \$17.1 billion).

Structure & Management

While developing into a major international financial services group, Rabobank has remained a cooperative structure, with approximately 288 local independent Dutch banks as its members.

True to its cooperative origins, the bank's primary interest lies in providing the best service, value and expertise to its clients and in establishing mutually-beneficial relationships with its customers and the communities in which they operate.



Rabobank Australia & New Zealand

Rabobank Australia & New Zealand is part of Rabobank International, the Rabobank Group's international arm.

Australasian Origins

Rabobank established an office in Australia in 1990 and acquired the Primary Industry Bank of Australia (PIBA) in Australia and New Zealand in 1994. The bank has continued to expand and develop its operations in both countries in the years since.

Size

Headquartered in Sydney, Rabobank's Australasian operations have 45 branches throughout Australia and 27 branches in New Zealand.

The Group employs 925 people in Australia and New Zealand.



Businesses

Rabobank Australia & New Zealand operates specifically within the food and agribusiness sector, in two core businesses:

- rural financial services and
- corporate financial services.

In addition, in 2002, Rabobank established Rabo Financial Advisors, a specialist financial advisory service for the rural market.

Rural Financial Services

Rabobank's rural division offers a range of customised financial products and services to primary producers.

These include:

- flexible, long-term rural loans
- equipment finance
- seasonal finance

- farm management and retail deposits and
- risk management services.

The bank employs specialist rural finance managers throughout its branches, who have in-depth knowledge of their local rural areas. These managers work with clients 'on farm' to meet their individual financial requirements.

Corporate Financial Services

Rabobank works with both large corporate clients and middle-market clients in the food, agribusiness, beverage and related manufacturing and service industries. Services provided include corporate lending, structured finance, structured trade finance, commodity finance, equipment finance, foreign exchange and interest rate risk management, mergers & acquisitions and corporate advisory.

Rabo Financial Advisors

Rabo Financial Advisors (RFA) is a specialist financial advisory service, designed to assist the financial planning and succession planning needs of the Australian rural community. RFA currently operates in New South Wales, with plans to expand to other regions in the future.

Customer-Focused and Knowledge-Driven: The Rabobank Approach

Rabobank's approach to business is determined by two key guiding principles:

- the bank's customer focus, born of its heritage and continuing structure as a rural credit cooperative and
- its commitment to providing and promoting knowledge and expertise in food and agribusiness.

Customer Focus

As a cooperative, Rabobank's primary focus lies in providing the best service, value and expertise to its clients. A deep understanding of clients' businesses and a long-term view of its relationship with them are core to the bank's philosophy.

Throughout Australia and New Zealand, Rabobank employs people who know and understand the agribusiness value chain – people who have a unique

appreciation of the commodities, regions and 'path to market' that form the food and agribusiness industry.

The bank's rural managers have in-depth knowledge of their local rural areas and work with clients on their properties to understand their businesses and add long-term value.

Rabobank's corporate and business banking specialists work closely with clients and their advisors in the key Australian and New Zealand markets. They have a specific food and agribusiness focus and draw on Rabobank's vast international network of expertise and services to customise innovative financial solutions for individual clients.

Knowledge

As part of the world's leading food and agribusiness bank, and with a focus on the sector, Rabobank Australia & New Zealand has an unparalleled knowledge and understanding of food and agribusiness.

This industry knowledge enables Rabobank to provide its clients with benefits which go far beyond traditional banking services – working with them to build their expertise and develop and grow their businesses.

Rabobank operates one of the world's foremost



food and agribusiness research units. Called Rabobank Food & Agribusiness Research (FAR), this unit is staffed by an international team of research specialists – including a local division specifically covering the Australian and New Zealand markets. The FAR unit is focused on producing comprehensive, world-class research and educational material for Rabobank clients. This includes research on:

- latest innovations and management practices in food and agribusiness
- sector and commodity reports
- international and domestic market trends and
- future industry developments.

Other knowledge and educational initiatives include:

- a Visiting Experts program – bringing international specialists to Australia and New Zealand to share expertise with Rabobank clients and the wider industry
- the Rabobank Executive Development Program for Primary Producers – intensive courses in the application of leading-edge business management practices to agriculture. The programs – which are presented by leading practitioners and academics – cover topics including business management processes, strategy, finance, marketing, leadership, value chain management and investment analysis and
- the Rabobank Australasian Food & Agribusiness Advisory

Board – a group of industry leaders responsible for advising Rabobank's board of directors and senior management on strategic food and agribusiness issues.

Commitment to our Community

In the spirit of its cooperative culture, Rabobank is committed to supporting and developing the communities in which we operate.

This involves a wide range of initiatives – from major and local regional sponsorships to educational activities. The over-riding aim, however, is to develop and promote excellence in farming and agribusiness.





- Asset growth of 14% to \$16.9 billion
- Revenue up 9% to \$353 million
- Substantial business growth in rural banking
- Strong asset, revenue and profit growth in business banking
- Launch of transactional banking services in Australia
- Landmark three-currency capital raising awarded 'Hybrid Deal of the Year'



Highlights of 2004

- Purchase of 100% of Rabo Financial Advisors
- Major systems and infrastructure upgrade completed
- Independent branch network established throughout rural and regional New Zealand
- Record applicants for Rabobank Executive Development Program for Primary Producers
- Completion of first organisational culture survey
- Significant increase in Rabobank brand awareness



The Year in Review

Corporate Financial Services

After a particularly strong 2003, Rabobank's Corporate Financial Services operations experienced a more subdued 2004, in line with more restrained global debt market activity.

Nevertheless, the division achieved a very creditable 2004 revenue and profit outcome and a solid pipeline of new business going into 2005.

2004 saw a number of positive developments, particularly continued strong growth in Business Banking, participation in delivery of a landmark tier 1 hybrid issue to the Australian market (part

of a global Rabobank issue), and the move to establish a local Global Financial Markets operation.

Corporate Clients Group

The Corporate Clients Group is a major provider of wholesale banking services to large corporate clients in the food, beverage and agribusiness sectors. Its product offering includes corporate lending, as well as structured, trade and commodity finance.

During 2004 there were notable deals transacted in all areas, with a number of significant deals in structured finance, leveraged finance, corporate lending and the trade and commodities areas.

This business's leading position in the large corporate food and agribusiness sectors was also evidenced with the strong corporate participation at Rabobank's jointly-sponsored International Dairy Forum in late 2004 and several leading client events during the year.

The new business pipeline for 2005 is one of the best seen to date and, together with the development of planned additional product offerings, the Corporate Clients Group is well positioned going forward.

Business Banking

In 2004 Business Banking moved from strength to strength in the



Australasian market. This business area, which was launched in June 2001, is now well established as a significant player in the market.

Business Banking provides tailored financial services to middle-market clients operating 'beyond-the-farm-gate' in the food, agribusiness, beverage and related manufacturing and service sectors. Its clients include processors, cooperatives, retailers, wholesalers and exporters. Products include working capital and equipment finance, trade and commodity finance and risk protection facilities.

The year witnessed sound asset, revenue and profit growth in Business Banking. A number of significant new deals were written. Deal sizes continued to grow and the business entered into new areas within the food and agribusiness sectors.

Also, during the year Business Banking

expanded its operations to Hamilton and Hastings in New Zealand.

Growth in this segment of the food and agribusiness market – coupled with strong prospective business – puts Business Banking in a strong position for continued development in the year ahead.

Mergers & Acquisitions

Rabobank's Mergers & Acquisitions (M&A) deal record has positioned the bank well within the Australasian market and, during 2004, there was considerable referral work from past clients, coupled with a steady flow of referrals from within the Rabobank Group and M&A's own origination activities.

As the business enters 2005, M&A is particularly busy with a spread of new business mandates.

Global Financial Markets

Corporate Sales

Corporate Sales provides a range of products and services to assist the bank's large corporate and middle-market clients manage risks associated with:

- foreign currency exposure
- interest rate fluctuations and
- commodity price fluctuations.

Products include interest rate hedging, foreign exchange facilities, commodity futures and options and commodity price risk management.

Currency volatility, particularly in Australian and New Zealand dollar exchange rates, provided a variety of opportunities for the business during

the year, as did the general tightening in the interest rate environment in both countries. This saw Corporate Sales finish 2004 ahead of the previous year.

Treasury Funding & Position Management

This area provides liability and liquidity management, including interest rate and foreign exchange risk management, for Rabobank's operations in Australasia. These activities are undertaken in conjunction with other Rabobank centres around the world, using a variety of financial instruments.

In 2004, the bank's asset book grew by \$2.0 billion to \$16.9 billion, comfortably funded through domestic and global programs.

A highlight for the year for this area was completion of the \$500 million Australian dollar tranche of a three-currency global tier 1 capital raising by Rabobank. The transaction was voted Hybrid Deal of the Year by investors surveyed by Insto magazine, both for its structure and after-market performance. The transaction achieved a number of firsts in the Australian market, including the first-ever Kangaroo issue of hybrid securities, the first Australian dollar hybrid guaranteed by a AAA rated financial institution and the tightest pricing ever achieved on an Australian dollar tier 1 issue.

During 2005, Global Financial Markets will be expanded with the roll out of structured products and establishing a securitisation business.



Rural Financial Services

Strong business growth, combined with continued expansion of the rural and regional branch network and the introduction of major new product offerings, characterised the year for the bank's Rural Financial Services division.

The Rural Financial Services business, which provides flexible financial products and services to primary producers, recorded asset growth of more than 20% to \$10.2 billion during the year.

This saw Rabobank finish 2004 positioned as one of the leading rural lenders in Australia and New Zealand.

Rural Australia

The 'jewel in the crown' in a strong year for Rural Australia was the launch of All In One, a multi-purpose account especially designed for the rural market. This represented Rabobank's much-anticipated expansion into transactional banking.

A major milestone in the bank's ongoing development in Australia, All In One enables Rabobank to now meet the complete banking needs of rural clients. The account combines the bank's market-leading interest-only loan with the enhancement of full transactional capabilities – including Visa debit card, cheque and internet access – in the one account.

Launched in November, the account was enthusiastically received in the marketplace. By year's end, the progressive migration of existing clients to the new product was well underway, with close to 10% upgraded to the new account.

The All In One launch capped another year of strong growth for Rural Australia, with Rabobank finishing 2004 as number two lender to rural Australia, with 20% of the total Australian farm bank debt market.

This growth reflected the bank's developing presence in the Australian market, including steadily increasing brand strength and an expanding branch network. Other market factors contributing to the year's growth included historically low interest rates and improving seasonal conditions in many parts of the country.

Rural Australia's clients are leading primary producers predominantly in the dairy, wool/sheep, beef, grain, cotton, sugar, horticulture and viticulture industries, as well as a range of other rural sectors.

Investment continued in the ongoing expansion of the bank's Australian rural branch network, with a further five branches opened during the year – Narrogin in Western Australia; Kadina and Berri in South Australia; Sale in Victoria and Atherton in Queensland. This brought the total number of branches to 45 by the year's end. Significant refurbishments were undertaken in Darwin (Northern Territory), Armidale (New South Wales) and Rockhampton (Queensland).

In December Rabobank moved to full ownership of specialist rural advisory business Rabo Financial Advisors (RFA), purchasing the shareholding held by equity partner Boyce Chartered Accountants.

It is expected that, under the new ownership structure, RFA, which specialises in providing for the financial planning and succession planning needs of Australia's rural community, will be well placed for future business growth and expansion.

Looking into the next year, Rural Australia has a strong business pipeline with lending levels expected to remain strong.

Rural New Zealand

2004 saw the continuing development of Rabobank as a major player in the competitive New Zealand rural banking market.

Despite relatively subdued growth in this market (national agricultural lending grew approximately 10% throughout 2004), Rabobank experienced strong business growth, increasing assets by approximately 17% for the year.

The bank finished 2004 with 14% of New Zealand's farm bank debt.

Rabobank's Rural New Zealand business provides customised financial products and services to leading farmers, primarily in the dairy, sheep, beef, deer, cropping, horticulture and viticulture industries.

During the year, a significant new offering was added to the suite of products and services offered by the bank in New Zealand – internet banking capabilities. Preparation was completed for the launch of the multi-purpose All In One account in early 2005.

In another important milestone for the bank during 2004, Rabobank completed a major relocation of its New Zealand branches from co-located premises to independent locations with clearly-defined branding. This has significantly increased the bank's visibility and profile in the New Zealand market.

Business growth saw staff numbers increase in the New Zealand rural operation, while the management structure also changed with the appointment of branch managers in the majority of locations. In line with the move to the newly-established independent branches, the introduction of branch manager positions is designed to allow for more localised focus.

Positive prospects for major New Zealand commodities, particularly dairy and meat – coupled with the platform provided by the new independent branch network – indicate a healthy outlook for the business in 2005.





Supporting Clients with World-Class Expertise and Research

As a world leader in food and agribusiness banking, Rabobank is ideally positioned to assist clients grow and develop their business by providing access to the latest expertise, research and information on food, agribusiness and agriculture.

Knowledge of – and experience in – food and agribusiness is fundamental to the bank, as well as a major value-added service for clients.

Food & Agribusiness Research

The bank is unique in having a global Food & Agribusiness Research (FAR) team of specialist analysts, focused on providing quality research and information to Rabobank clients and staff. This includes a locally-based team of FAR analysts, covering agricultural commodities and the agribusiness industry in Australia and New Zealand.

In 2004, FAR produced 19 major research reports, known as Global Focus reports, on agricultural commodities in Australia and New Zealand. These included grain, beef, dairy, sheep, cotton, sugar, horticulture, farm forestry, wine, deer, flowers, rice and potatoes.

In addition, FAR analysts had input into a range of international reports on topics including beef, oilseeds, low-carb diet trends and retailer/supplier dynamics.



Visiting Experts

Rabobank's Visiting Experts program brings a range of industry specialists – both international and domestic – to rural and regional locations around Australia and New Zealand.

The program, which is coordinated by the Food & Agribusiness Research division, aims to bring the world's leading commercial and academic experts in various agricultural sectors to Australia and New Zealand to share their industry knowledge with Rabobank's clients and the wider community.

In 2004, the Visiting Experts program brought to Australasia:

- CEO and president of Canada's Western Feedlots, Dave Plett
- Vice President International Trade & Industrial Sales of the world's largest flour mill, Indonesia's Bogasari, Budianto Wijaya
- Rabobank China dairy industry specialist, Sandy Chen
- Rabobank International global wine and spirit industry specialist, Arend Heijbroek
- world-renowned authority on bovine spongiform encephalopathy (BSE), Professor Will Heuston, professor and director of the University of Minnesota Centre for Animal Health and Food Safety and
- leading water management expert Dr Hugh Turrall, Sri Lanka-based head of Agricultural Water Management at the International Water Management Institute.



Involved in Our Communities

Throughout the year, Rabobank continued its involvement in a wide range of educational and community initiatives and sponsorships to promote and develop Australian and New Zealand agriculture and the food and agribusiness sectors.

Promoting Excellence in Food and Agribusiness

Rabobank Executive Development Program for Primary Producers

A record number of applicants vied for places for the 2004 intake of the respected Rabobank Executive Development Program for Primary Producers (EDPPP).

The only program of its type in Australia and New Zealand, the EDPPP brings together innovative and progressive primary producers from a range of enterprise types to develop their leadership and commercial business skills.

Run over nine months, the course, which is supported by the University of Queensland, consists of two week-long residential modules covering subjects including farm business management, strategic planning, financial

analysis, succession planning, marketing, value chain management and human resources. In 2004 new sessions on environmental management and business innovation were added to the program curriculum.

By year's end, more than 200 Australian and New Zealand primary producers had participated in the EDPPP since its inception in 1999.

Rabobank Rural Confidence Survey

The bank continued conducting its regular Rabobank Rural Confidence Surveys through the course of 2004.

Established more than five years ago in both Australia and New Zealand, the surveys track outlook and general sentiment in the agricultural industries.

The surveys, which are conducted quarterly in Australia and bi-monthly in New Zealand, are the key indicators of rural confidence in both countries.

Through 2004, the survey saw Australian rural confidence peak mid-year off the back of strong commodity prices and improved seasonal conditions, only to pull back later in the year following rises in input costs and a drop in grain and wool prices.

In New Zealand, rural confidence dropped sharply in the first few months of the year with concern about

severe weather events, the strength of the New Zealand dollar, higher input costs and rising interest rates. Confidence improved steadily throughout the remainder of 2004 due to stronger international commodity prices, particularly for dairy.

Sponsorships

Rabobank's sponsorship of events and activities in the areas of farming, food and agribusiness reflect the bank's strong commitment to the communities and industries in which it operates.

The bank supported a range of events and activities across food and agribusiness segments and commodities throughout the year. Major sponsorships during the year included:

Australia

- **2004 Australian Dairy Conference** – held in Shepparton, Victoria, the 2004 conference (themed 'Taking Dairying to New Heights') attracted local and international dairy farmers, dairy industry leaders, agribusiness and government representatives, leading scientists and researchers. Rabobank China dairy analyst Sandy Chen was a keynote speaker, providing a perspective on the future of the Asian dairy industry and its relevance to Australia.



- **Rabobank Agribusiness Awards for Excellence 2004** – the premier accolades recognising both corporate and individual achievement within Australian agribusiness. The awards are designed to encourage excellence, innovation and contribution within the sector. Entries are from individuals and organisations – both private and public sector – operating in the food, fibre and agribusiness industries. The winner of the 2004 Agribusiness Leader of the Year title was John McLean, the chief executive officer of Warrnambool Cheese and Butter Factory, Victoria.
- **14th World Hereford Conference** – this global conference is held every four years and provides the industry with a forum to focus on future production at an international level. Topics covered in the 2004 conference included the latest developments in beef cattle breeding and beef production, the findings of the World Hereford Genetic Evaluation Project and new technologies and their application within the industry.
- **Australian Meat Industry Council Meat Processor Conference** – the inaugural Australian Meat Industry Council Meat Processor Conference. Rabobank sponsored international speaker Professor William Heuston, who looked at BSE from a global perspective.
- **Nuffield Conference** – convened by the Australian Nuffield Farming Scholars Association, the inaugural Nuffield Conference focused on presenting solutions to issues affecting the Australian farming sector. It featured innovators and leaders in agriculture. Rabobank CEO Bruce Dick presented to the conference.
- **World Dairy Summit 2004** – the International Dairy Federation's World Dairy Summit saw the leading dairy experts from around the world meet and share ideas about dairy policies and economics, marketing, nutrition and health, food safety and farming systems of the future. The bank presented the Rabobank Dairy Leaders Forum, in which CEOs of leading global dairy corporations discussed globalisation of the dairy industry.
- **Sydney Symphony Regional Tour and Drought Recovery Concert** – a unique tour by the orchestra to regional New South Wales, including a special 'Drought Recovery Concert'

in Griffith with funds donated to local charities providing for families affected by drought.

- **Nuffield Scholarship** – the annual Rabobank-sponsored Nuffield Scholarship was this year awarded to primary producer David Cattanach, from Darlington Point, New South Wales. Run by the Australian Nuffield Farming Scholars Association, the scholarships provide a small group of Australian farmers the opportunity to travel internationally to explore agricultural issues and opportunities in a global context. David will study greenhouse gas emissions and mitigation options for agriculture, climate change predictions, possible adaptation strategies for agriculture and carbon trading possibilities.
- **Agribusiness Co-Op Directors Forum** – for the 7th annual forum, Rabobank sponsored international keynote speaker, Sweden's Professor Jerker Nilsson, a leading world authority on the strategic orientation of agricultural cooperatives.
- **AusWIND** – an annual conference reviewing issues relating to wind energy.
- **MLA/SFE Cattle Futures Contract** – the Meat and Livestock Association/Sydney Futures Exchange contract.
- **The Law Society of New South Wales Rural Issues Annual Conference** – topics for the 2004 conference included implementation of the Water Management Act 2000 in regional and rural New South Wales, regional practice challenges and environmental issues.

New Zealand

- **Rabobank Romeo Bragato Conference** – New Zealand's major viticultural event, this annual conference attracts a large contingent from New Zealand wine and wine grape industries. Rabobank is the principal sponsor and each year brings an international visiting expert to the country to provide a keynote address to the conference. The speaker in 2004 was Arend Heijbroek, Rabobank's Netherlands-based global industry specialist for wine and spirits.
- **Rabobank/Lincoln University Foundation Farmer of the Year Award** – this South Island-based award was developed to promote excellence and innovation in agriculture. Rabobank has been the principal sponsor for the past 10

years, during which time some of New Zealand's leading farmers have entered the competition.

- **Produce Plus Conference** – the annual showpiece of the New Zealand horticulture industry, the Produce Plus conference attracts leading participants from the fruit and vegetable growing and processing sectors in New Zealand. Rabobank this year sponsored visiting expert Rob Robson, CEO of Queensland's One Harvest.
- **Dairy 3** – the North Island's main dairy farmers' conference. This event is a combination of the Massey Dairy Conference and the Ruakura Dairy Conference and attracts many of the leading dairy farmers in the North Island.
- **South Island Dairy Event (SIDE)** – a major event on the dairy farming calendar, SIDE is a forum for South Island dairy farmers to discuss key industry issues.
- **Nuffield Farming Scholarships Trust** – Rabobank is the sole corporate sponsor of the Trust in New Zealand. As in Australia, Nuffield Farming Scholarships provide farmers with the opportunity to study agriculture, marketing and farm practices internationally.
- **Deer Farmers Conference** – a forum for New Zealand's deer industry participants to gather and discuss issues that are facing the venison and velvet sectors. Rabobank has been a major sponsor of this event for 10 years.

In addition, at a state and regional level, Rabobank was involved in more than 300 sponsorships and local field days in Australia and New Zealand.

Sustainability and Corporate Responsibility

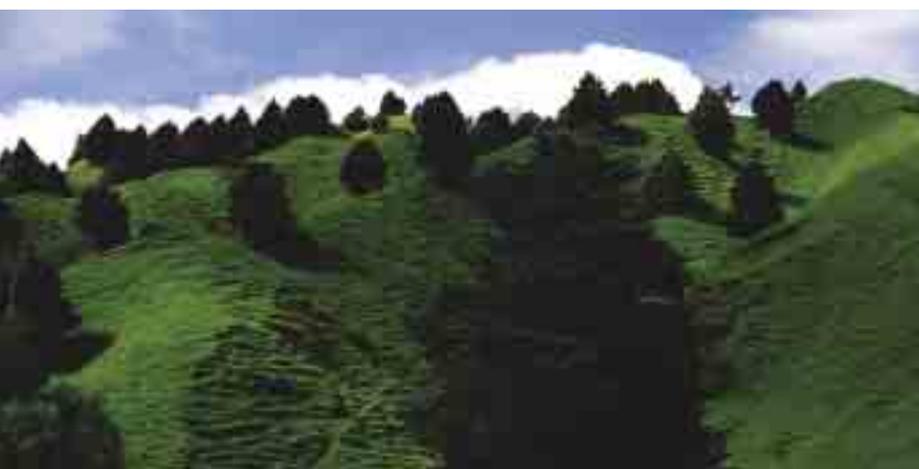
The Rabobank Group is a world leader in the area of sustainability and corporate responsibility.

This year Rabobank introduced a number of developments to build on its sustainability and corporate responsibility efforts in Australia and New Zealand.

They included development of the Rabobank in the Community program, to be rolled out in 2005. This program provides for Rabobank employees to work with non-profit organisations for the good of their community. It includes two core elements – Community Leave, providing for every permanent Rabobank employee to volunteer one day annually with a non-profit organisation, and Workplace Giving, allowing staff to donate directly from their pay to a range of charities with donations being matched by the bank.

In response to the devastating Asian tsunamis which occurred on Boxing Day 2004, the international Rabobank Group made an initial donation of more than €100,000 (\$170,000) to the relief appeal. One half of this funding was donated to assist relief agencies supplying emergency aid and the other is being provided, via the bank's charitable institution, the Rabobank Foundation, towards aid and reconstruction efforts in affected areas.

In addition, a range of donations and fundraising activities are being implemented locally and around Rabobank internationally. The Rabobank Group is matching all employee donations made through an Employee Fund it has established.





Developing Our Business Capabilities

Large-scale staff training programs, major systems upgrades and the opening of new branch locations all featured highly in the bank's activities for 2004.

Our People

Rabobank's employees are the basis of the strength and success of the bank.

The organisation seeks to attract and retain the highest calibre employees by providing excellent working conditions, terms of employment and ongoing training and development.

In 2004, continued expansion of the business saw staff numbers increase from approximately 850 to 925 employees across Australia and New Zealand. The majority of these new positions were in rural and regional areas.

In the past five years, Rabobank has increased staff numbers by approximately 60 per cent.

The bank conducted its first-ever organisational culture survey

– an inventory examining organisational effectiveness and behaviour. Overall, the results showed Rabobank having a constructive culture which encourages high performance and team work. It is planned to repeat the survey every two years.

The survey also identified some areas for improvement. These are being addressed by a range of bank-wide and department-specific initiatives.

Significant staff initiatives instituted during the year included:

- Wide-scale training – more than half the bank's employees undertook comprehensive training in new systems, processes and procedures which were introduced to support the launch of Rabobank's All In One transactional banking product and the rollout of internet banking in New Zealand. This training involved branch, operational and customer service staff throughout both countries.
- The Wellbeing at Rabobank Program – designed to assist employees balance work and life commitments and to support them through personal difficulties and emotional stress. It includes confidential counselling available to



employees and their immediate families and a service to source home life assistance such as childcare, schools, fitness and health.

- A global on-line employee performance appraisal system, streamlining and standardising the bank's staff performance appraisals throughout the world.

Our Infrastructure

2004 saw a major milestone reached in the area of IT infrastructure, with the completion of a large-scale project to introduce a new centralised transaction processing system, Globus, for the bank's rural business. The new application – which replaced three legacy systems – enabled Rabobank to launch transactional banking

services in Australia and to extend internet banking into New Zealand.

Another important development in Rabobank's IT capabilities was the further development of the bank's loan origination system, CMS (Customer Management System) to include automated workflow, for rural loans in both Australia and New Zealand. This initiative, which significantly streamlines loan approval and management processes, is an important measure in supporting the bank's growing volume of business. Implementation within the centralised Credit functions and across both the Australian and New Zealand branch network is being undertaken in the first half of 2005.

The introduction of internet banking proved a popular development with New Zealand rural customers, with 15% registering for the service in the first three months of operation.

Major progress was also made during the year towards ensuring the bank will be compliant with BIS II, the international banking industry initiative which will introduce a new capital standards system.

Premises were also a big focus during 2004. During the year Rabobank established its own independent branches throughout New Zealand, re-locating from the shared offices of a former alliance partner. In total, the bank opened new premises in 16 locations throughout New Zealand and refurbished two existing branches. On the other side of the Tasman, continued business growth resulted in the

opening of three new branches in rural Australia, as well as the relocation or refurbishment of six others.

Our Face in the Marketplace

The Rabobank brand continued to build in the Australian and New Zealand markets throughout the course of 2004.

In Australia, just over a year on from the re-branding of the bank's rural business from PIBA (Primary Industry Bank of Australia) to Rabobank, research showed the Rabobank brand had a 79% total awareness level among key target markets. This represented higher awareness than that previously achieved by the PIBA brand.

The research showed that, unprompted, more farmers in the bank's target market nominated Rabobank as a potential lender, ahead of all major banks.

Awareness also increased steadily among the business banking market, with double the number of middle-market clients reporting they would consider Rabobank for their banking requirements.

2004 saw the bank begin conducting brand research in New Zealand for the first time. In this market, where the Rabobank name is more established, the brand achieved a total awareness level of 84% in the rural market.

Board Members



James Graham – Chairman

James Graham brings a strong background in corporate finance and banking to his role as chairman of the board of directors.

Mr Graham served in several banking roles in Australia and internationally before being appointed founding managing director of Australian investment bank Gresham Partners Limited in 1985 – a role he continues to hold.

Mr Graham sits on a number of other boards, including Wesfarmers Limited and Lumley General Insurance Limited. He was appointed chairman of Rabobank in November 2002.



Wouter Kolff

Wouter Kolff serves as deputy chairman of the board.

Based in Utrecht, the Netherlands, Mr Kolff is also vice chairman of Rabobank International.

He is responsible for Rabobank's activities in Asia, Australia and New Zealand, and international retail initiatives.

Mr Kolff joined Rabobank International in 1990, after close to 20 years with ABN Bank.



Bruce Dick

Bruce Dick has served as chief executive officer of Rabobank Australia & New Zealand since May 2001. He previously headed Rabobank's rural banking operations in Australia and New Zealand.

Mr Dick has extensive experience in banking in Australia and New Zealand. Prior to joining Rabobank, he spent 17 years with the National Bank of New Zealand in a number of senior positions, including executive director.



Andrew Davis

Andrew Davis joined the bank in April 2003 in the role of deputy chief executive and head of Corporate Financial Services.

Mr Davis is a chartered accountant and has more than 20 years' experience in investment banking, both in Australia and internationally.

Prior to joining Rabobank, he was global managing director and head of loan products at ABN AMRO Australia.



Michael Davidson*

An experienced farmer and respected member of the agricultural community, Michael Davidson OBE has been a member of the board since 1987.

A former president of the National Farmers' Federation, Dr Davidson was also formerly chairman of Dalgety Farmers and served on the board of a number of other agricultural companies – including Elders Australia, the Australian Wool Corporation, the Australian Agricultural Company – and government organisations.



Erich Fraunschiel

Erich Fraunschiel spent 18 years with the Western Australian-based Wesfarmers Group, where he had exposure to a number of industry sectors, including agricultural services, financial services, insurance, retailing, manufacturing, coal mining and distribution/processing.

He now serves on the boards of listed companies Woodside Petroleum, West Australian Newspapers and Worley Group.



Bill Gurry**

Bill Gurry is an experienced company director, with an extensive background in banking and retailing and strong rural interests.

He was formerly executive chairman of UBS Warburg, CEO of Potter Warburg and managing director of National Mutual Royal Bank.

Mr Gurry currently sits on the boards of several companies, including Australia's largest retailing group Coles Myer, wine company Cheviot Bridge and St. Vincent's & Mercy Private Hospital.



Ian Langdon*

Ian Langdon has extensive experience in food and agribusiness coupled with strong skills in business management.

Chairman of Australian Co-operative Foods Limited (Dairy Farmers), Mr Langdon also holds a number of other directorships.

His previous roles include Associate Professor and Dean of the Business Faculty at Griffith University (Gold Coast campus).



John Palmer

John Palmer was appointed to the board in November 2004.

The chairman of Air New Zealand, Mr Palmer has an extensive background in both the agribusiness and financial services industries.

He is a former chairman of New Zealand's largest rural services company, Wrightson Limited, and has wide-ranging experience in the horticulture industry. He is chairman of Nelson Fruit Services and Fruit Logistics (Nelson) and his other directorships include Cold Storage Nelson, Saxton Fruit and AMP Life.



Rik van Slingelandt

Rik van Slingelandt is chairman of Rabobank International and a member of the executive board of Rabobank Nederland.

Based in Rabobank's global head office in Utrecht, he is a highly-regarded member of the European banking community and has held a number of senior banking positions in the Netherlands during more than 30 years in the industry.



David Smithers

David Smithers AM is an executive general manager with Leighton Holdings Ltd. He is a former chairman of professional services firm PricewaterhouseCoopers and a member of the PwC global board. He was also managing partner of the firm's Corporate Finance and Recovery practice in the Asia Pacific region.

Mr Smithers has a wealth of experience in the financial services sector, particularly in corporate valuation, mergers and acquisitions, privatisations and restructuring.

** Bill Gurry was appointed to the Rabobank board on March 18, 2005.



Management Committee

Chairman

Bruce Dick

Chief Executive Officer

Members

Andrew Davis

Deputy Chief Executive

Head of Corporate Financial Services

David Owen

Chief Financial Officer

Jonathan Macleod

Chief Operating Officer

Dean Clark

General Manager, Head of Business Banking

Edward Debenham

Head of Strategy

Neil Dobbin

Head of Rural Banking Australia & New Zealand

Ian Donaldson

General Manager, Finance

Phil Hislop

General Manager, Credit

Belinda Howell

General Manager, Marketing

Bryan Inch

Head of Financial Services Australia & New Zealand

Greg Kelly

General Counsel & Group Corporate Secretary

Brett Reid

Head of Human Resources

John Rollings

Treasurer

Veronica White

General Manager, Head of Corporate Clients Group





2004 Financial Results

Rabobank Australia & New Zealand

Income and Expenses (AUD millions)	2004 \$	2003 \$	2002 \$	2001 \$	2000 \$
Income	352.7	322.1	281.8	257.9	203.1
Operating Expenses	165.3	142.0	121.6	125.7	91.9
Net Profit from Banking Operations (Before Income Tax)	187.4	180.1	160.2	132.2	111.2

Assets, Liabilities and Shareholder Equity (AUD billions)	2004 \$	2003 \$	2002 \$	2001 \$	2000 \$
Total Assets	16.9	14.7	12.1	11.8	10.3
Total Liabilities	16.1	14.0	11.5	11.3	9.8
Shareholder Equity	0.8	0.7	0.6	0.5	0.5
Total Liabilities & Shareholder Equity	16.9	14.7	12.1	11.8	10.3

Directory

Local Rabobank Offices

Australia

New South Wales

Armidale
Dubbo
Forbes
Goulburn
Griffith
Moree
Orange
Sydney
Tamworth
Wagga Wagga

Victoria

Horsham
Melbourne
Sale
Shepparton
Swan Hill
Warrnambool

South Australia

Adelaide
Berri

Kadina
Mount Gambier
Port Lincoln

Western Australia

Albany
Bunbury
Esperance
Geraldton
Merredin
Moora
Narrogin
Perth

Northern Territory

Darwin

Tasmania

Launceston

Queensland

Atherton
Ayr
Brisbane

Cloncurry
Dalby
Emerald
Goondiwindi
Ingham
Longreach
Mackay
Rockhampton
Roma
Toowoomba
Townsville

New Zealand

North Island

Auckland
Dannevirke
Feilding
Gisborne
Hamilton
Hastings
Masterton
New Plymouth
Otorohanga
Pukekohe

Rotorua
Taumarunui
Te Puke
Thames
Waipukurau
Wellington
Whangarei

South Island

Alexandra
Ashburton
Blenheim
Christchurch
Dunedin
Gore
Invercargill
Nelson
Oamaru
Timaru



International Rabobank Offices

Argentina

Buenos Aires

Belgium

Antwerp

Brazil

Sao Paulo

Canada

Toronto

Channel Islands

Guernsey

Chile

Santiago de Chile

China

Beijing
Hong Kong
Shanghai

Curaçao

Curaçao

France

Paris

Germany

Frankfurt

India

Mumbai
New Delhi

Indonesia

Jakarta

Ireland

Dublin

Italy

Milan

Japan

Tokyo

Malaysia

Labuan

Mexico

Mexico City

The Netherlands

Amsterdam
Utrecht

Poland

Poznan
Warsaw

Russia

Moscow

Singapore

Singapore

Spain

Madrid

Switzerland

Switzerland

Taiwan

Taipei

Thailand

Bangkok

Turkey

Istanbul

United Kingdom

Edinburgh
London

United States

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Colophon

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Annual Reports

Rabobank Group publishes the following reports from its head office in the Netherlands:

- Annual Report
- Financial Statements and other information
- Annual Responsibility and Sustainability Report
- Interim Report

These reports are available on the internet:

www.rabobank.com.au or www.rabobank.co.nz

For further copies of this Annual Review please contact

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