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# Rabobank Group Annual figures 2004

Utrecht, 9 March 2005



**Rabobank**



# Executive Board

Bert Bruggink  
Piet van Schijndel  
Hans ten Cate  
Bert Heemskerk  
Rik van Slingelandt  
Piet Moerland



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# Rabobank Group successful 2004

- despite uncertain economy
- financial targets met
- heading in the right strategic direction
- optimistic outlook

# Solid profit increase from Rabobank Group

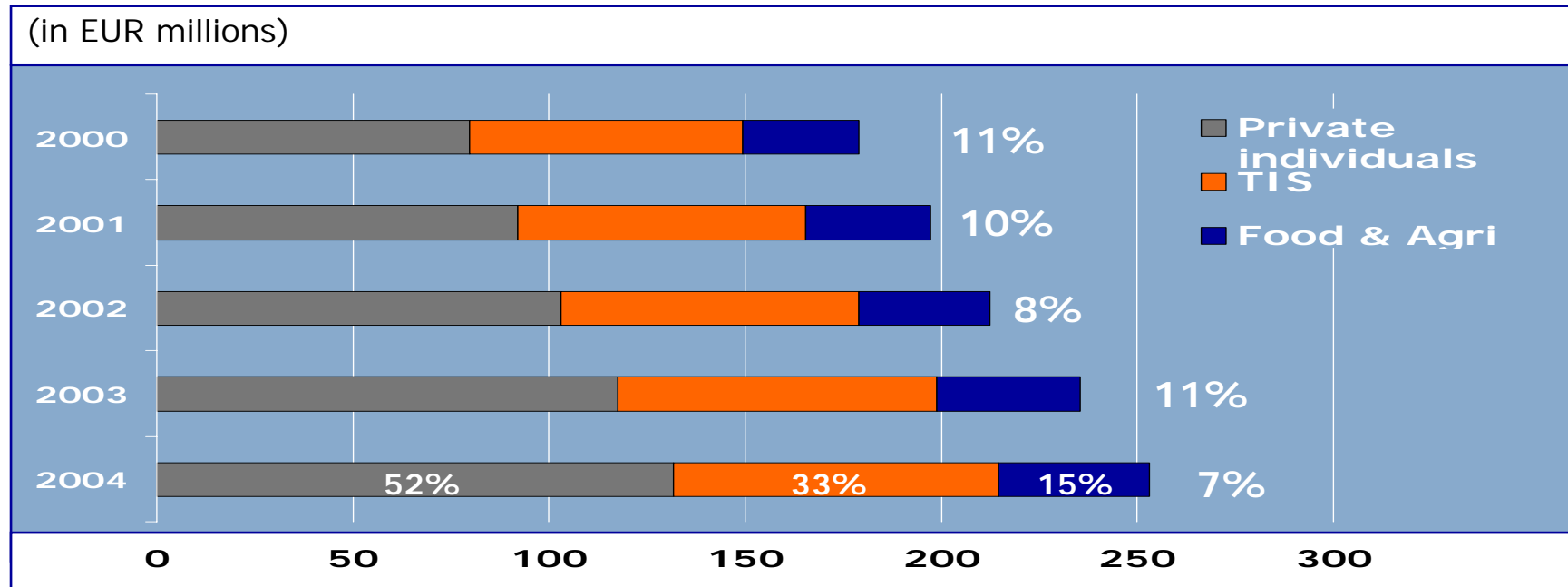


- 
- Net profit up 12% to EUR 1,536 million
  - All business units contributed to profit increase
  - Financial objectives on target



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# Private sector lending



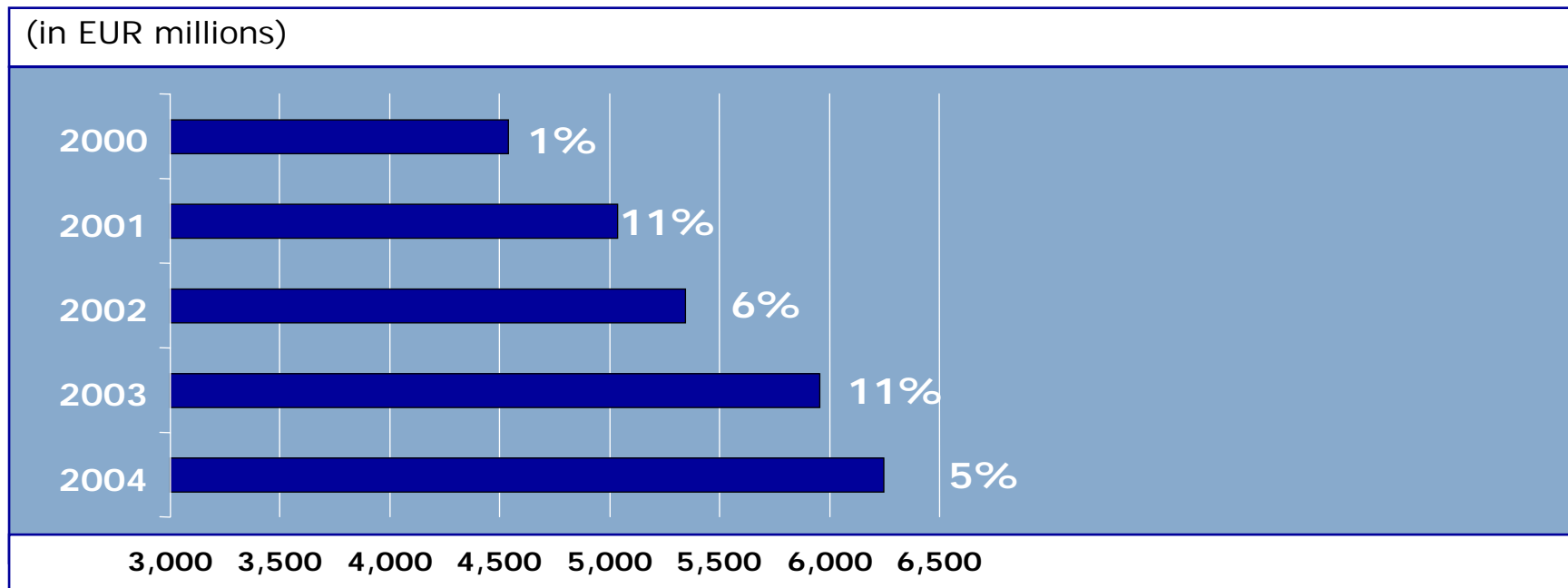
- Total private sector lending EUR 253 billion
- Total growth of 7%
- Strong growth in international retail activities



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# Interest income

- Net interest income EUR 6,249 million
- Interest rate margin under pressure due to strong competition and flattening yield curve

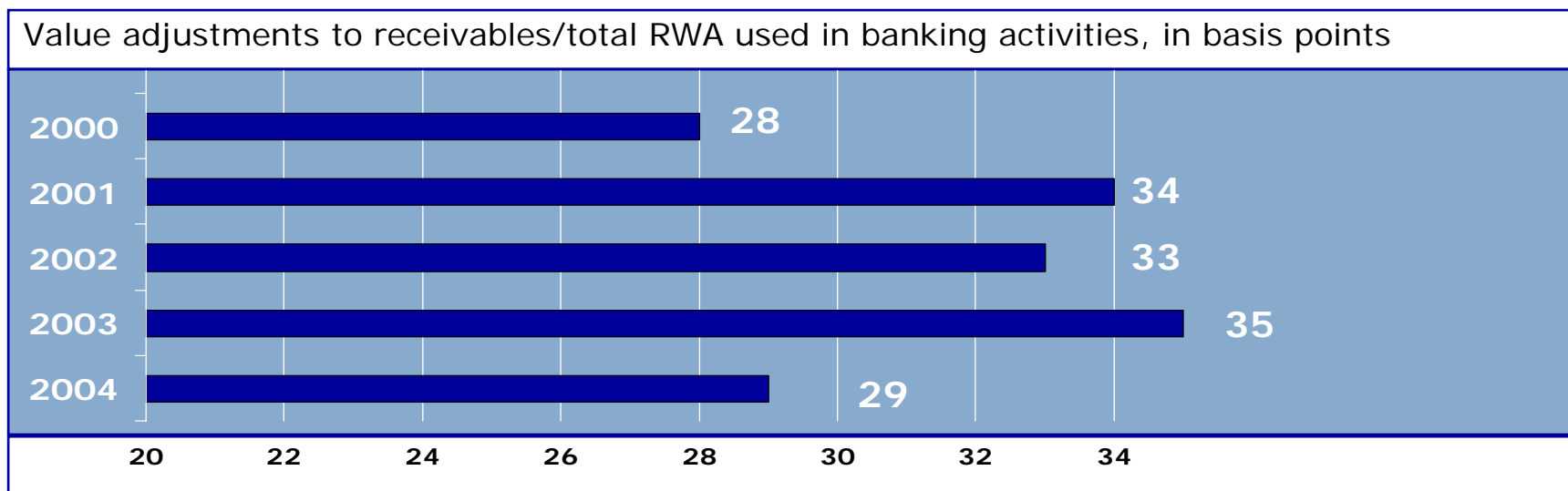




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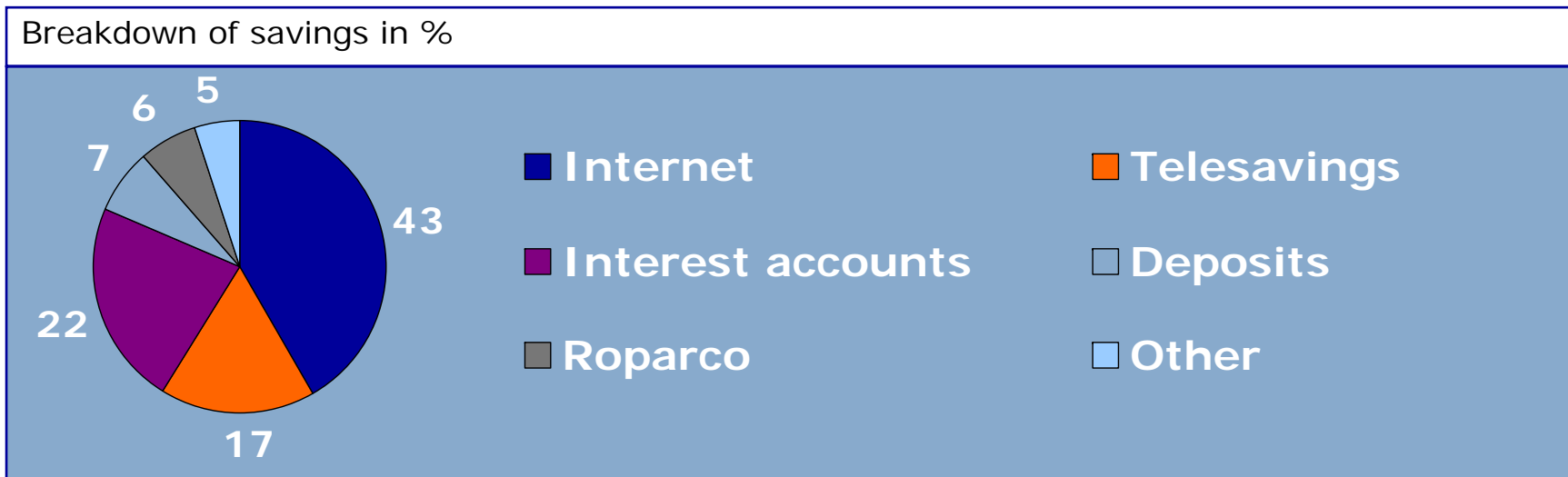
# Credit risk exposure

	2004	2003
Provisions for doubtful debts / Total average RWA used in banking activities	1.15%	1.16%
Value adjustments to receivables / Total average RWA used in banking activities	0.29%	0.35%



# Savings

- Total savings EUR 78 billion
- Growth of 9%
- Internetsavings successful

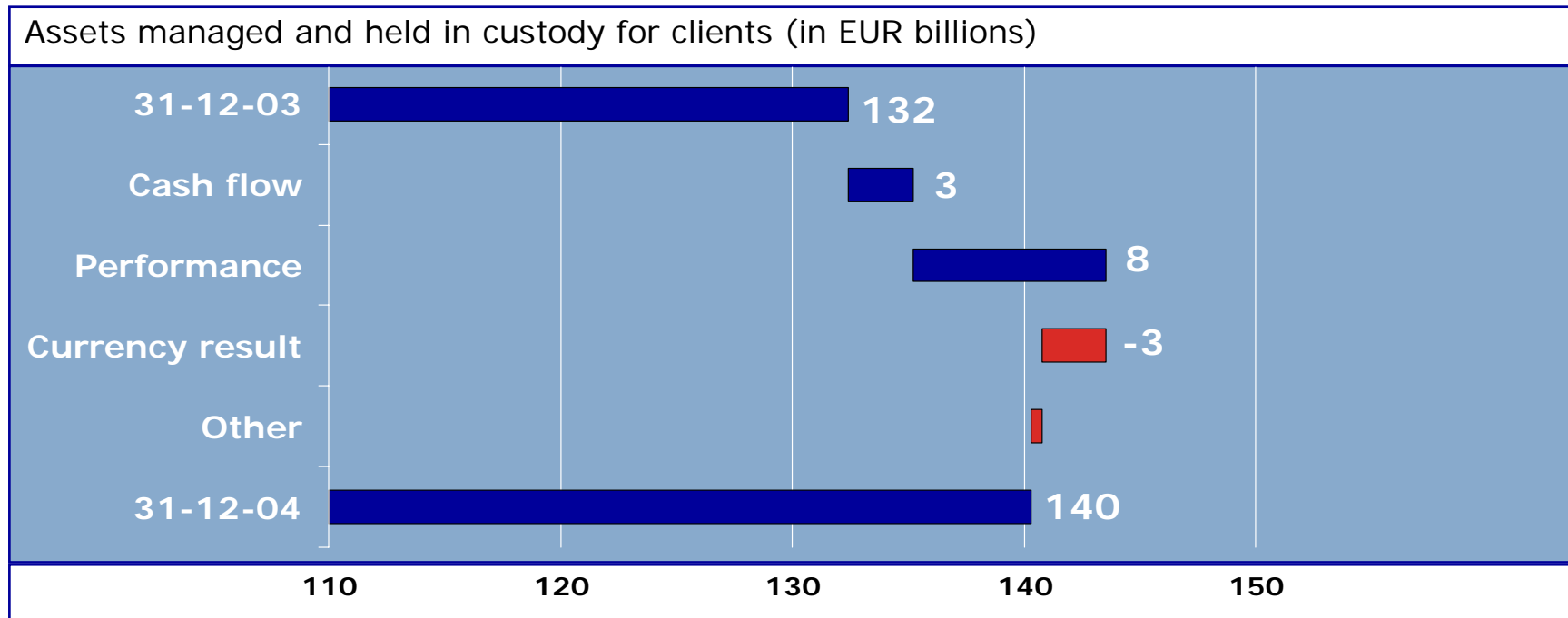






# Assets managed and held in custody

- Overall assets managed and held in custody up 6% to EUR 195 billion
- EUR 55 billion in own funds, an increase of 6%
- Assets managed and held in custody for clients up EUR 8 billion to EUR 140 billion

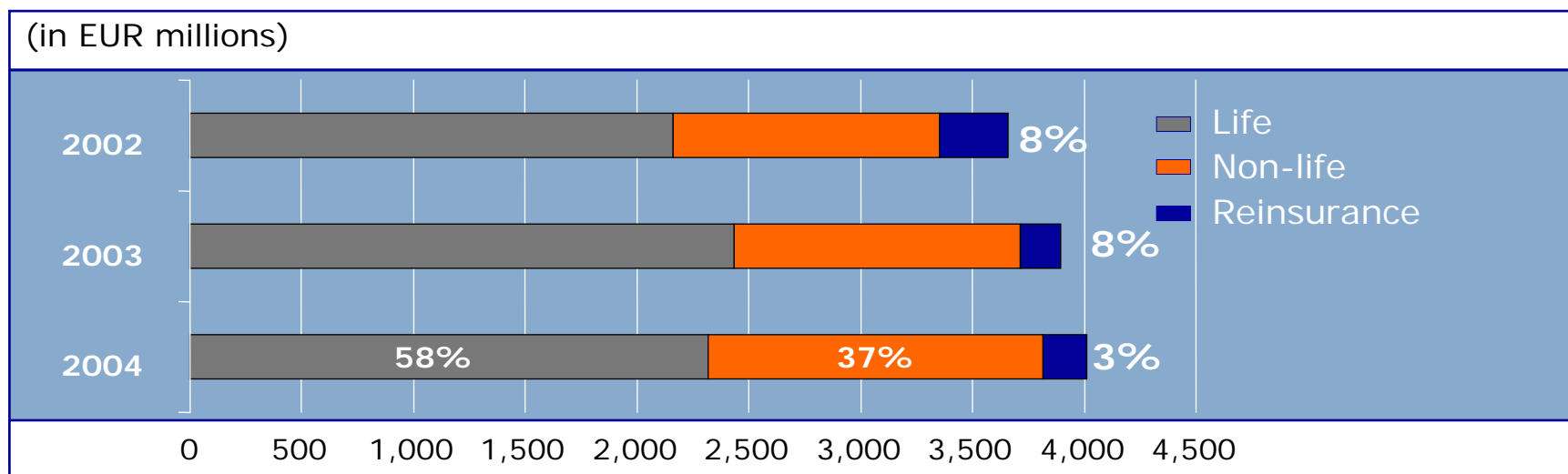




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# Insurance

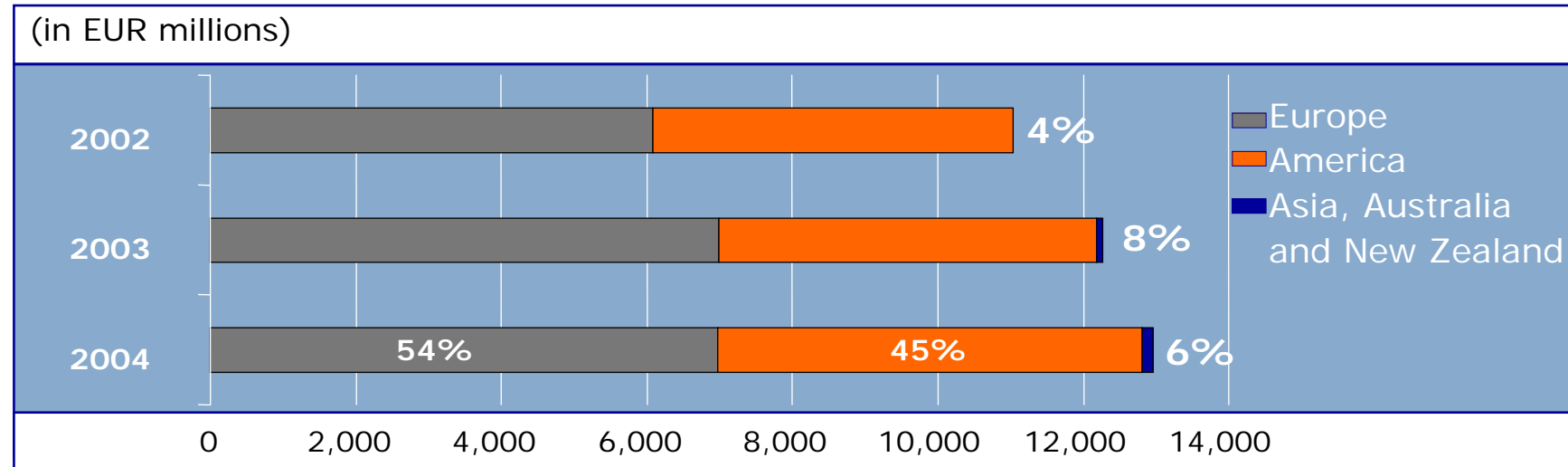
Premium income (in EUR millions)	2004	2003	
Life	2,319	2,436	- 5%
Non-life	1,498	1,278	+ 17%
Reinsurance	195	179	+ 9%
<b>Total</b>	<b>4,012</b>	<b>3,893</b>	<b>+ 3%</b>
Services	265	279	- 5%





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# Leasing

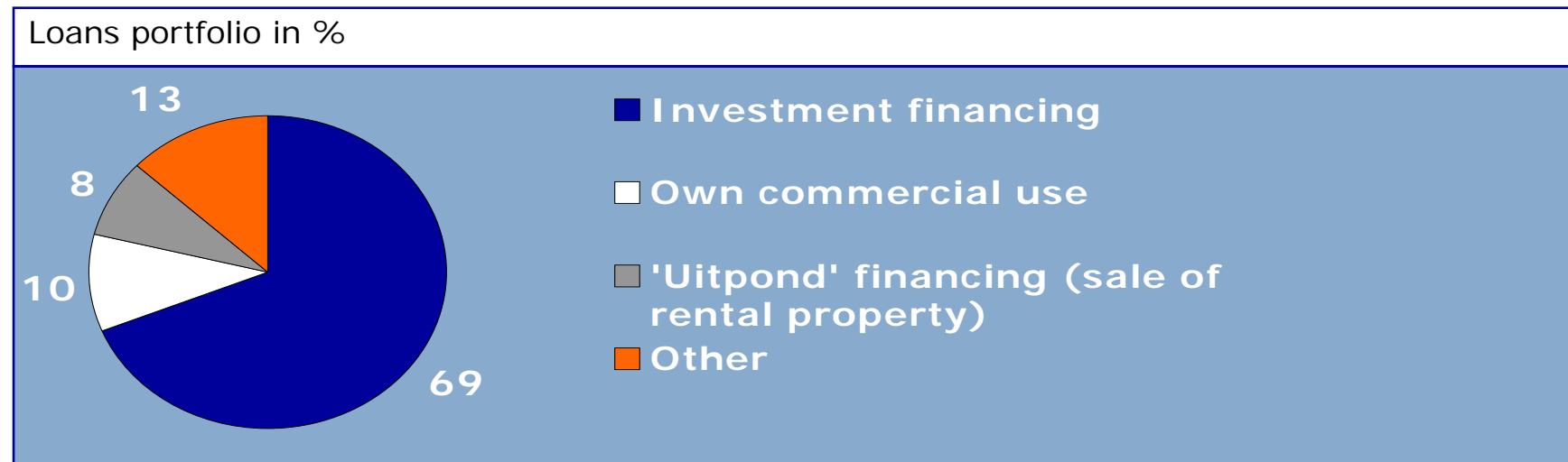


- Total portfolio EUR 13.0 billion
- Acquisition of Telia Finans AB (Sweden)
- Growth affected by sale of real estate financing activities and by weaker dollar



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# Real estate financing



- FGH Bank achieves record production of EUR 2.4 billion, total portfolio EUR 6.5 billion
- Rabo Vastgoed portfolio grows by 6%

# Balance sheet

(in EUR millions)



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	2004	2003
Cash	7,204	7,117
Banks	40,588	41,919
Lending	276,170	250,797
Investments	111,189	84,445
Other	39,938	19,027
<b>Total assets</b>	<b>475,089</b>	<b>403,305</b>
Banks	96,266	82,856
Funds entrusted	192,123	172,571
Debt securities	92,578	80,695
Other	67,513	43,597
Group equity	26,609	23,586
<b>Total liabilities</b>	<b>475,089</b>	<b>403,305</b>

# Reserves

(in EUR millions)



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Reserves after accounting policy change for Trust Preferred Securities, 31 December 2003	15,233
Net profit	1,536
New issue of Trust Preferred Securities	1,879
Goodwill	(172)
Dividend on Membership Certificates and Trust Preferred Securities	(237)
Revaluation	(86)
Other	(10)
<b>Reserves at 31 December 2004</b>	<b>18,143</b>

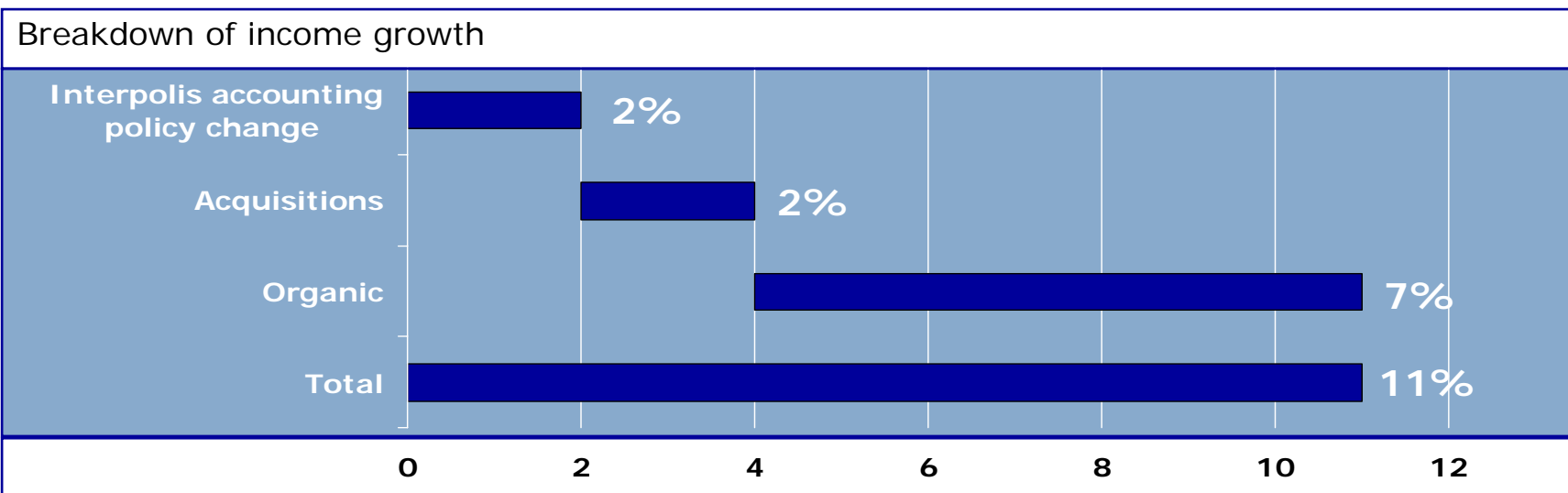


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# Income

(in EUR millions)

	2004	2003	
Interest	6,249	5,956	+ 5%
Commission	2,112	1,852	+ 14%
Income from securities and partic. interests	482	353	+ 37%
Other income	1,212	857	+ 41%
<b>Total income</b>	<b>10,055</b>	<b>9,018</b>	<b>+ 11%</b>

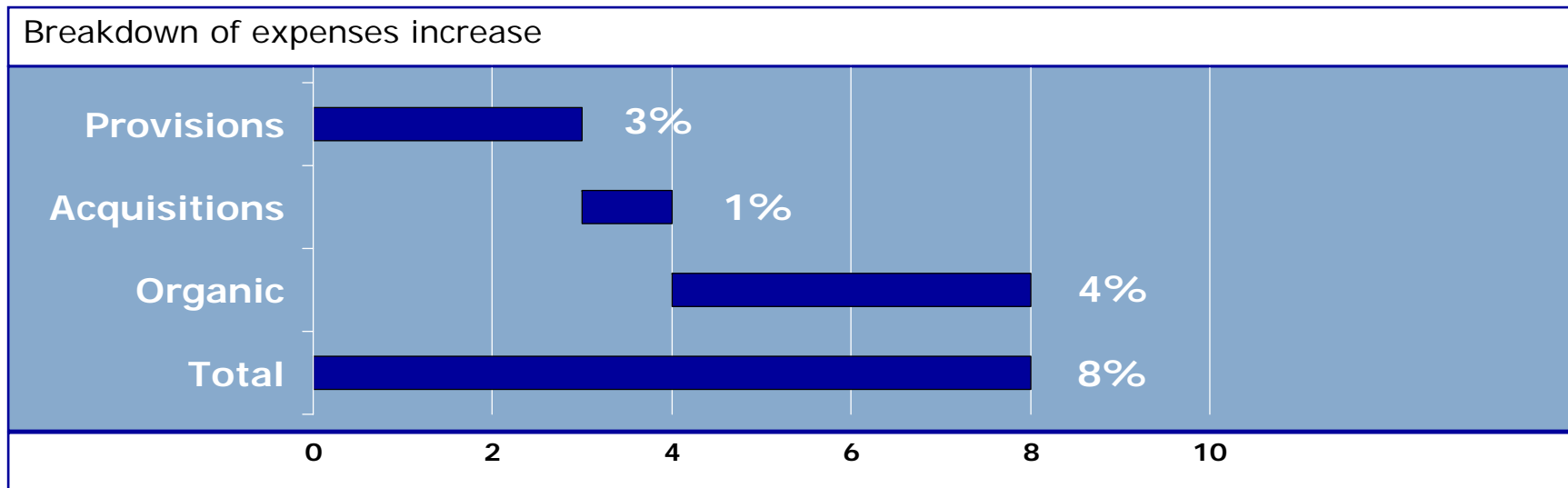




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# Operating expenses

(in EUR millions)	2004	2003	
Staff costs	4,029	3,770	+ 7%
Other administrative expenses	2,335	2,101	+ 11%
Depreciation	368	372	- 1%
<b>Total operating expenses</b>	<b>6,732</b>	<b>6,243</b>	<b>+ 8%</b>

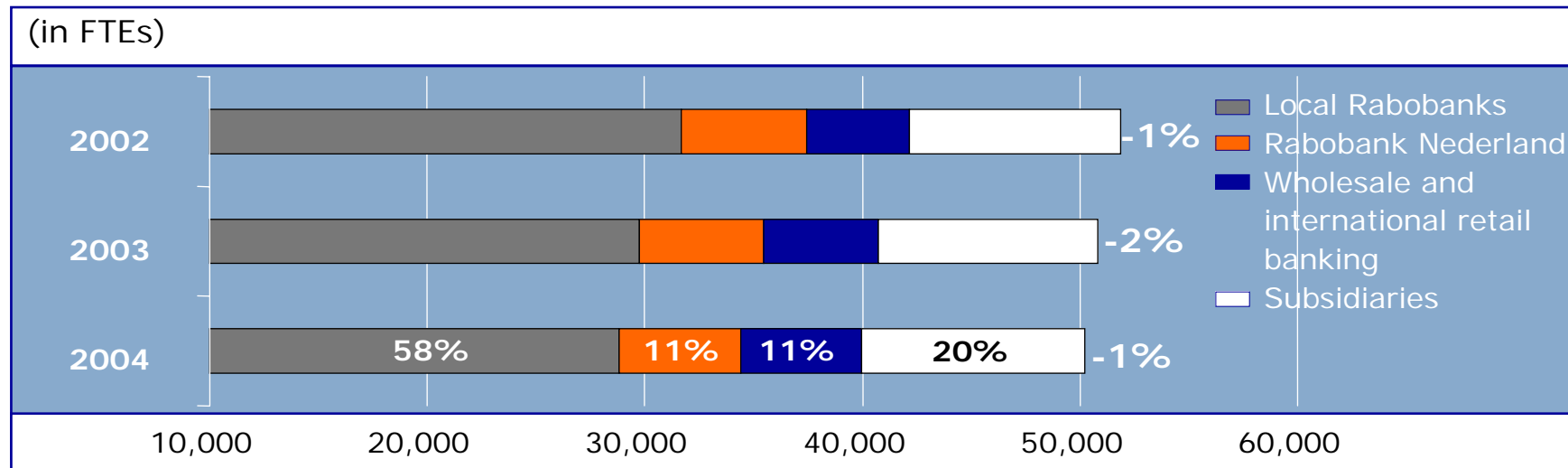






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# Employees



- Reduction of FTEs by 1% to 50,216
- Growth of FTEs in wholesale and international retail banking and subsidiaries
- Decline of FTEs local Rabobanks and Rabobank Nederland

# Results 2004

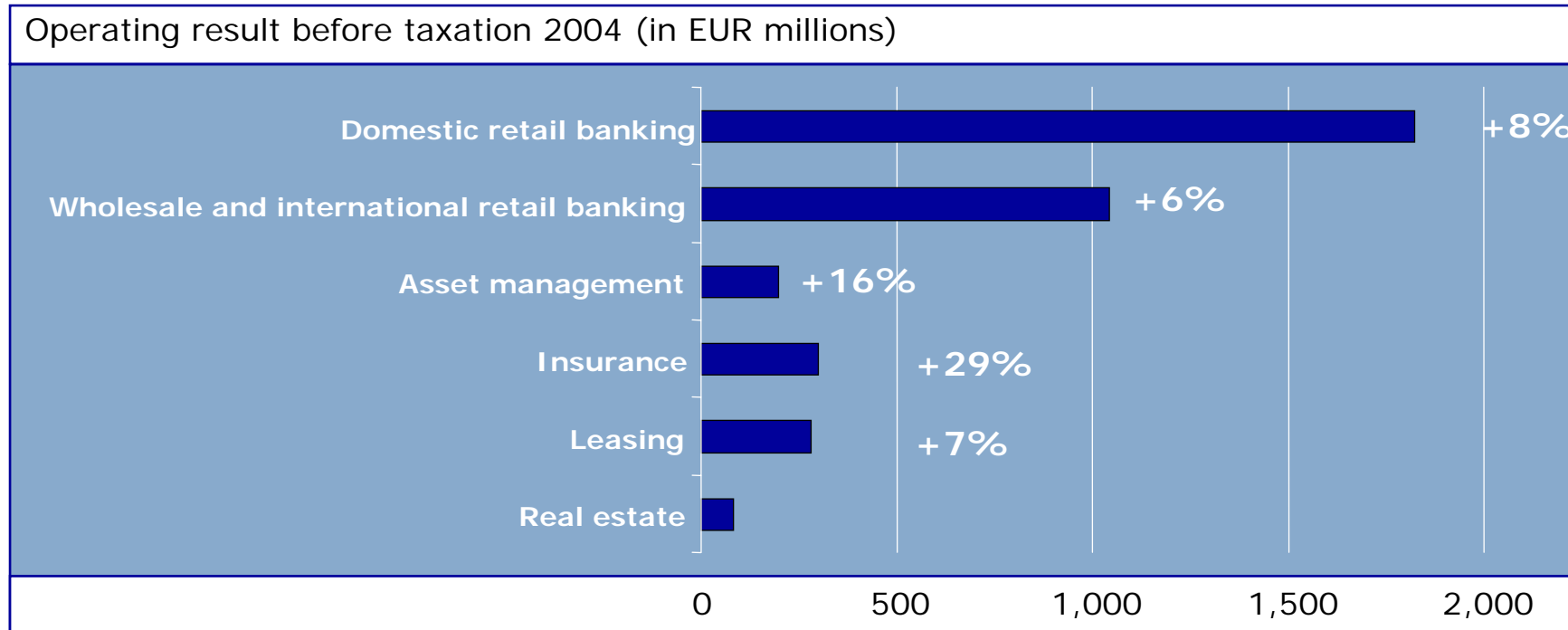


(in EUR millions)	2004	2003	
Total income	10,055	9,018	
Total operating expenses	6,732	6,243	
Value adjustments to receivables	525	575	
Value adjustments to financial fixed assets	(11)	(148)	
<b>Operating profit before taxation</b>	<b>2,809</b>	<b>2,348</b>	<b>+ 20%</b>
Tax	957	712	
Third-party interests	316	266	
<b>Net profit</b>	<b>1,536</b>	<b>1,370</b>	<b>+ 12%</b>



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# Gross result Group entity



- Strong year for domestic retail banking
- Satisfactory result from wholesale and international retail banking
- Significantly higher result from insurance activities

# Key financial objectives



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	Achieved 2004	Achieved 2003	Long-term objective
Tier I ratio	11.4	10.8	10.0
Return on equity	10.1%	9.6%	10%
Net income growth	12%	12%	12%

Rabobank Group: Triple A rating



# Rabobank customer value

	2004	2003
<b>Private individuals</b>		
Customer satisfaction (score)	7.7	7.7
Customer value	38 %	43 %
Customer loyalty	76 %	73 %
<b>Businesses</b>		
Customer satisfaction (score)	7.5	7.4
Customer value	40 %	38 %
Customer loyalty	70 %	69 %

# Rabobank Group's strategy



- 
- To be the largest, best and most innovative all-finance service provider in the Netherlands
  - To be the world's number 1 in the food & agri market
  - To be the top bank in terms of sustainability and social responsibility

# Domestic milestones in 2004 (1)



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- 
- Market leader positions consolidated (mortgages / savings / agri / SME)
  - Successful start to collaboration with Eureko/Achmea
  - Start of Operation Service / Vision 2005+: cost reductions and greater customer focus

# Domestic milestones in 2004 (2)



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- Membership continues to grow: up 100,000 to 1.46 million
  - Launch of campaign in large cities
  - Rabobank advertiser of the year
  - 10 years of [www.rabobank.nl](http://www.rabobank.nl): largest Internet bank



# Milestones abroad in 2004



- 
- Record amount of equity raised in Australia, the US and the UK
  - International retail activities in Poland; planned investments in Turkey and China
  - Stronger position in US despite FSCA setback

# Sustainability milestones in 2004



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- 
- Still number one in Europe (Sam rating)
  - 30th anniversary of Rabobank Foundation
  - Launch of Rabobank Development Program
  - Formation of trading platform for CO<sub>2</sub> emission rights

# Rabobank's outlook for 2005



- 
- Economic recovery in the Netherlands will continue
  - Reporting under IFRS in 2005 will lead to increased volatility of results
  - Rabobank Group expects to sustain the upward trend in the long-term development of its result



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# Economic outlook for 2005

<b>Volume changes in %</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Gross Domestic Product	(0.9)	1.3	1.5
Private consumer spending	(0.9)	0.5	0.75
Investments in fixed assets	(3.1)	1.6	2
Exports of goods and services	0.0	7.2	6.5
Inflation	2.1	1.2	1.5
Unemployment (% labour force)	5.3	6.4	6.5
House prices	1.8	3.5	2
Source: Rabobank, Statistics Netherlands, Dutch Association of Estate Agents			

# Rabobank clients moderately optimistic about economy



- Savings: growth levelling off
- Mortgage market appears to be stabilising since the end of 2004
- More start-ups
- Lending to SME picking up a little
- Slight drop in the number of new problem loans

# Government revitalisation programme



- Expected economic recovery in 2005 still too weak  
== > support would be welcomed
  - insufficient growth in public sector spending, Government should take action
- Use windfalls in public finance to boost spending
  - extra payment to Fund for Economic Structure Strengthening
  - postpone abolition of “Zalmsnip”
  - invest in sustainable sources of energy

# Energy programme

- Special focus on sustainable energy
  - poor score for the Netherlands within Europe
- Investment programme needed
  - biomass
  - wind energy
  - solar power
  - more efficient use of low-value energy



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Utrecht, 9 March 2005