



Rabobank



Annual Review 2005

Australia and New Zealand

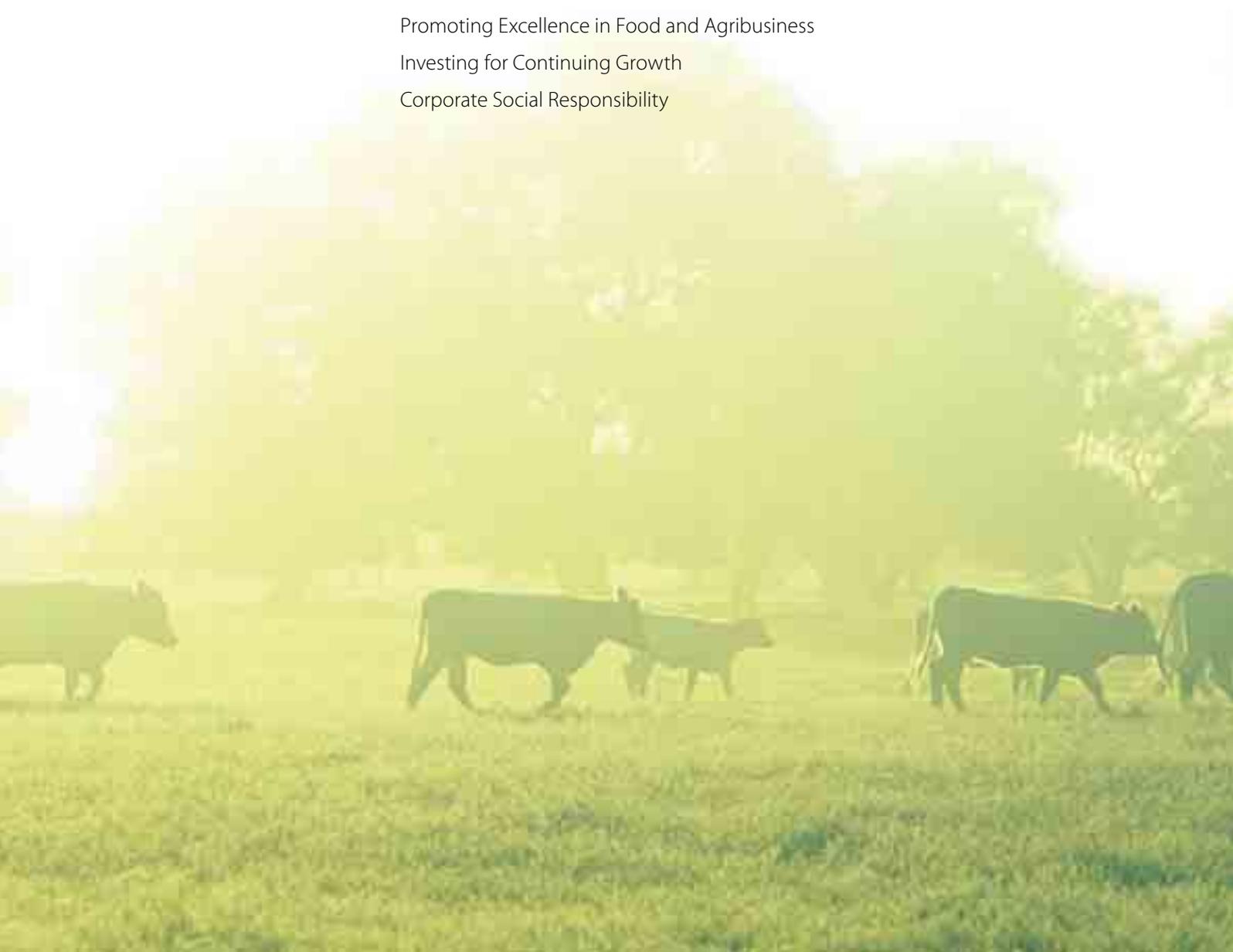
The world's leading specialist in food and agribusiness banking



All figures expressed in Australian dollars unless otherwise specified. Statistics as at 31 December 2005.

Contents

5	Our Vision and Values	32	Board Members
6	Foreword	35	Management Committee
8	Rabobank - About Us	37	2005 Financial Results
	The International Rabobank Group	38	Directory
	Rabobank Australia & New Zealand	40	Colophon
12	Highlights of 2005		
14	Year in Review		
	Corporate Financial Services		
	Rural Financial Services		
	Financial Services		
	Promoting Excellence in Food and Agribusiness		
	Investing for Continuing Growth		
	Corporate Social Responsibility		





Our Vision and Values

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.

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



2005 was a year of continuing strong growth and development for Rabobank in Australia and New Zealand.

Excellent asset growth in Rabobank's rural banking operations saw the bank complete the year retaining its position as second largest lender to rural Australia and equal third in the New Zealand market.

While final results for the year were tempered by a challenging operating environment in the corporate market and higher-than-usual provisions, the bank's revenue continued to experience healthy growth – climbing by 6% over the course of the year.

2005 saw a number of positive developments in the Australian and New Zealand business.

The bank's new transactional banking capabilities – launched in Australia in late 2004 – gained excellent acceptance in the market.

Following rapid expansion in the size of the bank's Australian and New Zealand branch network in recent years, 2005 saw completion of the previously-planned branch extension program.

Rabobank's premier position in the Australian agribusiness banking market was observed by an independent report, Merrill Lynch's Business Banking Franchise Review, which rated Rabobank as the best agribusiness bank in Australia 'on all dimensions by a considerable margin'.

On the corporate side of the business, there was continued growth in Rabobank's Business Banking division, as well as the establishment of a Global Financial Markets operation in Australia to assist Australasian clients manage currency, commodity price and interest rate risk.

A major focus for 2005 was the large-scale project to develop the New Zealand online direct banking service, RaboPlus. Replicating the successful direct banking operations recently established by Rabobank in Belgium and Ireland, this new business was launched in early 2006. An exciting development for Rabobank Australia & New Zealand, RaboPlus has seen the bank not only expand into a major new market in the region, offering online deposits to consumers, but also dramatically increase its profile in metropolitan New Zealand.

During the year, Rabobank also moved into the life insurance market, launching the new Rabo Life advisory business in regional Australia.

November saw the sale of the bank's \$1.58 billion Landmark-managed loan portfolio to Landmark's owner, AWB. The sale followed the conclusion of an alliance with AWB, under which Rabobank had provided funding for Landmark-branded loans to primary producers and reflected our increasing focus on direct client relationships.



Throughout the year, the bank continued its all important commitment to developing knowledge and expertise among our clients and the food and agribusiness sector as a whole, in areas including research, sponsorship and education.

2005 also brought a number of other developments. Rabobank's profile in the Australian and New Zealand market was shown to have increased significantly in recent years. Research during the year demonstrated Rabobank has built excellent brand recognition and, in Australia, is now ranked ahead of all competitors as the bank that its rural target market would most likely consider for new borrowings.

Another significant development was the announcement, in August, that Rabobank Australia & New Zealand's Sydney head office would relocate to new premises by early 2007. The new location, in the recently-built Darling Park 3 office tower, will provide A-grade premises catering for ongoing growth in Rabobank's regional business and housing all head office employees in one centralised location.

In March, we welcomed to the Rabobank board highly-experienced company director Bill Gurry. Bill has an extensive background in banking and retailing as well as strong rural interests.

The group which deserves most credit for the bank's achievements during the

year are our excellent employees. We are indeed fortunate to employ the highest calibre of agribusiness and other banking professionals and support staff. We thank them sincerely for their ongoing dedication and hard work.

The bank's success is, of course, inextricably linked to the achievements of our clients. We are proud to bank Australia and New Zealand's 'best' – the most progressive, professional food and agribusiness operators and primary producers in the region. Despite a number of challenges during the year, we are pleased to say their operations have, for the very great part, continued to grow and prosper.

Looking ahead, the outlook for Australia and New Zealand's agribusiness sectors is overwhelmingly positive.

Rabobank looks forward to partnering our clients in that future growth.

James Graham
Chairman

Bruce Dick
Chief Executive Officer



Rabobank – About Us

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 corporate financial services to the food and agribusiness sectors in Australia and New Zealand. Globally and locally, the bank runs one of the world's pre-eminent food and agribusiness research units.



The International Rabobank Group

The Netherlands-based Rabobank ranks as the 15th largest bank in the world (based on tier one capital) and is one of Europe's most recognised financial institutions. It is the largest financial services provider in the Dutch market.

History

Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (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 108-year history, Rabobank has grown to become a major global financial institution. Rabobank today operates in 38 countries, servicing the financial needs of more than nine million clients worldwide through a network of more than 1500 offices and branches. With headquarters 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. Rabobank is ranked as one of the world's safest banks, according to *Global Finance* magazine.

Financial Performance

In the year to December 31, 2005, the global Rabobank Group recorded a net profit of € 2.1 billion (approximately \$3.5 billion), an increase of 16% on the previous year. Total income rose 2% to € 9.4 billion (approximately \$15.6 billion).

Structure and Management

While developing into a major international financial services group, Rabobank has remained a cooperative structure, with approximately 269 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, and in establishing mutually-beneficial relationships with its clients 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

With headquarters in Sydney, Rabobank has 46 branches throughout Australia and 29 branches in New Zealand. As at December 2005, the Group employed approximately 920 people in Australia and New Zealand.

Businesses

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

- rural financial services – providing a range of customised products and services to primary producers and
- corporate financial services – providing banking services to large corporations and middle-market operators in the food, agribusiness, beverage and other sectors.

The bank also continues to develop additional business capabilities to expand its services to clients and grow into new markets. These include Rabo Financial Advisors (RFA), a specialist financial advisory service designed to assist the financial planning needs of the Australian rural community, and Rabo Life, a specialist rural life insurance advisory business.



Client-Focused and Knowledge-Driven: The Rabobank Approach

In line with its food and agribusiness speciality and cooperative structure, Rabobank's approach to business is determined by two key guiding principles:

- the bank's close client relationships and
- its commitment to providing and promoting knowledge and expertise in food and agribusiness.

Client 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.

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 and Expertise

As part of the world's leading food and agribusiness bank, and specialising in 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.

Among the knowledge initiatives provided by Rabobank are:

- in-depth sector research undertaken by the bank's Food & Agribusiness Research division
- a visiting experts program
- the Rabobank Executive Development Program for primary producers
- the regular Rabobank Rural Confidence Surveys and
- the Rabobank Australasian Food & Agribusiness Advisory Board – a group of industry leaders responsible for advising the bank's board of directors and senior management on strategic food and agribusiness issues.



Highlights of 2005

Assets up 11% to \$18.8 billion

Revenue growth of 6% to \$374 million

Rated best agribusiness bank in Australia 'on all dimensions by a considerable margin', by independent Merrill Lynch Business Banking Franchise Review

Sale of \$1.58 billion Landmark-managed portfolio

Launch of local Global Financial Markets operation

Wide market acceptance of newly-launched All in One transactional loan account in Australia and New Zealand

Establishment of Rabo Life, a life insurance advisory business for the rural market

Continuing major investment in new systems for business growth

Completion of openings and refurbishments in the previously-planned branch network expansion program

Expansion of Food & Agribusiness Research division

Announcement of move to new head office by early 2007 to cater for business growth

Ranked first as potential lender by Australian rural target market



Year in Review





Corporate Financial Services

Rabobank provides banking services both for large corporate clients and middle-market clients in the food, agribusiness, beverage and related manufacturing and service industries.

In 2005, Australasia's wholesale corporate debt markets mirrored other international financial markets, presenting challenging operating conditions for this area of the business.

Rabobank was, however, able to address these challenges with considerable success – leveraging its leading market position in the food and agribusiness sector, developing broader product offerings and expanding into wider food and agribusiness-related sectors.

Corporate Clients Group

The Corporate Clients Group is a major provider of wholesale banking services to large corporations in the food, beverage and agribusiness sectors. Its product offerings include corporate lending, as well as structured, leveraged, trade and commodity finance. It is focused on the medium to large corporates in these sectors, both domestic and global.

The Group's Leveraged Finance business experienced a strong deal flow across a broad spectrum of sectors in Australia and New Zealand, particularly in the second half of the year.

The Large Corporate Lending operation had a solid year, embarking on selectively expanding its clientele beyond the traditional food and agribusiness sectors, mirroring the approach of the Rabobank Group in other major global financial centres.

The Structured Finance business was subdued during 2005 and significant attention was given to laying the foundations to develop a new business in this area in 2006.

As the year closed, the new business pipeline was encouraging, with the Corporate Clients Group of businesses well positioned for future growth.

Business Banking

Although a relatively new business, having launched in mid-2001, Rabobank's Business Banking operation is already strongly positioned within the Australian and New Zealand markets.

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

Business Banking continued on a strong growth path throughout 2005, with larger deal sizes positively contributing to the business and providing a good flow of derivative financing opportunities to the bank's Global Financial Markets business.

The division's specialist services – and in particular its depth of knowledge in the food, agribusiness and beverage sector – continued to be a key differentiator, attracting clients from other financial organisations.

Global Financial Markets

2005 saw the establishment of the Global Financial Markets (GFM) division in Australia and New Zealand, comprising Position Management, Wholesale Clients Group and Structuring.

Overall, these businesses had a very creditable performance during the year. In a market which has become increasingly commoditised, Rabobank has responded by expanding and differentiating its product offering.

In June, the Australian dollar and New Zealand dollar swap books were relocated from Singapore and Hong Kong to GFM in Sydney.

The year also saw a major systems upgrade for the GFM area, with further enhancements to take place in 2006.

Position Management

With Rabobank's balance sheet having grown to more than \$18 billion, the daily funding and liquidity management program is a significant activity, alongside managing the growing capital base for Rabobank in the region.

In 2005, the bank continued to use domestic Australian and European funding programs, while, from 2006, the United States commercial paper market will be a further funding source.

Wholesale Clients Group

This area provides a range of products and services to assist the bank's corporate, business banking and rural clients manage risks relating to interest rates, foreign exchange and soft commodity price fluctuations. Products include interest rate hedging, foreign exchange facilities, commodity futures and options and commodity price risk management.

In 2005, this business was particularly strong in interest rate protection products and, increasingly, in a number of soft commodity markets.

Structuring

An on-the-ground presence in Structuring (Securitisation and Structured Client Solutions) was established by the bank in the second half of the year, leveraging the strong position in global securitisation held by the international Rabobank Group. This covers the areas of structured notes, global product repackaging and distribution, securitisation and specialised financing.

Major business has already been won in this area, with strong prospects for future growth.

Rural Financial Services

Continued strong growth in rural lending saw Rabobank's Rural Financial Services business record net asset growth of nearly 13% for the year. The business finished the year with total loan assets in excess of \$10 billion (excluding the \$1.58 billion Landmark-managed portfolio, which was sold during the year).

Rural Financial Services provides innovative financial products and services to primary producers throughout Australia and New Zealand. These include flexible long-term rural loans, equipment finance, seasonal finance, farm management and retail deposits and risk management services.

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





Rural Australia

The rural business in Australia achieved a significant milestone in 2005, surpassing \$7 billion in loan assets and cementing its position as number two lender in the rural bank lending market (with 23% of its target market).

Improved seasonal conditions and good prices in a number of major commodities (including dairy, beef and sheep meat) positively impacted the rural sector throughout the year, despite increased fuel, fertiliser and other input costs. Rural Australia's clients are leading primary producers predominantly in the beef, grain, dairy, cotton, wool/sheep, sugar, horticulture and viticulture industries, as well as a range of other rural sectors.

Rabobank's revolutionary transactional loan account All in One, which launched in November 2004, proved very successful in its first year of operation. By year's end, more than 50% of the bank's Australian clients had moved to the All in One transactional loan account, along with all new clients joining the bank.

2005 saw completion of previously-planned new branch openings and branch refurbishments in Australia. The bank has rapidly expanded its branch network in Australia in recent years. A new branch was opened in the strong rural market of Clare,

South Australia, while the bank relocated to new premises or refurbished existing premises to accommodate business growth in Wagga Wagga and Tamworth, New South Wales; Sale, Victoria; Toowoomba, Ingham and Emerald, Queensland; Launceston, Tasmania and Narrogin, Western Australia. Rabobank finished the year with 46 branches throughout Australia.

Reflecting the growth in the business, the new role of general manager Rural Australia was created (reporting to the head of Rural Banking Australia and New Zealand) to specifically focus on the bank's growing Australian operations.

In November, Rabobank's premier position in the Australian agribusiness banking market was confirmed by an independent report, Merrill Lynch's Business Banking Franchise Review, which rated Rabobank as the best agribusiness bank in Australia 'on all dimensions by a considerable margin'.

The Rural Australia business looks set to continue its strong growth path throughout 2006, with solid performances anticipated in the Australian beef, dairy, sheep and sugar industries.

Rural New Zealand

Net asset growth for Rabobank's New Zealand rural lending business continued in line with the previous year in the country's



competitive market. Rural New Zealand finished 2005 with assets of \$3.2 billion and with a 17% share of its target market.

2005 saw a slowing in the growth of New Zealand's rural debt market, as the impact of high interest rates and a strong NZ dollar were felt.

However, despite a slowing economy, the outlook for the country's key agricultural commodities is strong, particularly in the dairy, beef, sheep meat and viticulture sectors.

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.

The beginning of the year saw the multi-purpose All in One transactional loan account rolled out in New Zealand. Well received by the market, the account is being adopted by all new Rabobank clients with existing clients progressively transferring to the new product.

After a major relocation program the previous year – which saw Rabobank branches moving to new stand-alone premises – the bank continued to grow its presence in rural and regional New Zealand during 2005. The year saw a new branch opening in Hawera, while Waipukurau and Otorohanga branches relocated to

upgraded premises to accommodate strong business growth.

A regional management structure was introduced to the Rural New Zealand business, establishing six regional areas throughout the country. Branch manager roles were established in 18 additional branches, taking the total number of branch managers to 21. This structure is designed to further enhance strong local focus and understanding in the bank's New Zealand business and support future asset growth.

Other developments included the establishment of a New Zealand client services unit, based in Wellington, and the appointment of a locally-based food and agribusiness analyst, specifically dedicated to support the business and the bank's clients with in-depth analysis of the New Zealand agricultural industries.

Looking ahead, after five years of good returns, New Zealand pastoral farmers are facing weaker prices in 2006. High interest rates and the strong value of the NZ dollar are significant contributors, rather than specific market conditions. While an economic correction is expected during 2006, there is a positive outlook for New Zealand agricultural products in 2007.

The New Zealand business should continue to grow strongly in 2006, despite aggressive competition in the market.





Financial Services

2005 was a year of considerable change and development within this group of businesses.

Landmark Alliance

In November 2005, Rabobank announced the sale of its \$1.58 billion Landmark-managed loan portfolio to Landmark's owner AWB.

The sale followed the announcement earlier in the year of the end of the ongoing alliance between Rabobank and rural services company Landmark. This had seen the bank fund Landmark-branded loans to Australian primary producers for property, livestock and crop finance since 1996 (beginning under Landmark's previous owner Wesfarmers).

The sale of the Landmark portfolio, for \$25 million, was part of the bank's ongoing strategy to focus on direct client relationships in its rapidly-growing Australian rural banking business.

Rabo Financial Advisors

A specialist financial advisory service for the rural market, Rabo Financial Advisors (RFA) was established in 2002.

After acquiring full ownership of RFA in late 2004 (purchasing the shareholding held by an equity partner), the focus for 2005 was on fully integrating RFA into Rabobank and laying the groundwork for future development of the business.

RFA's succession planning facilitation

services were moved into Rabobank's rural banking business and its life insurance services into the newly-established Rabo Life operations, enabling RFA to focus on financial planning.

Rabo Life

In another development to further broaden and improve the services offered by Rabobank to the rural and agribusiness markets, the bank established a new joint venture business, Rabo Life, specifically to provide life insurance advice and products to farmers and other clients in rural Australia.

A joint venture with insurance advisory firm Future Life, Rabo Life will expand to operate nationally throughout Australia.

RaboPlus

One of the bank's major focuses for the year was a large-scale project to develop an online direct banking business for the New Zealand market.

The business, RaboPlus, which was successfully launched in February 2006, represents a significant expansion of Rabobank into the broader financial services market and dramatically increases the bank's profile in metropolitan New Zealand.

It replicates the direct banking businesses successfully launched by Rabobank in recent years in Belgium and Ireland.

Promoting Excellence in Food and Agribusiness

Knowledge and expertise in food and agribusiness lie at the heart of Rabobank.

As the world's leading specialist in food and agribusiness banking, Rabobank is committed to promoting the pursuit of excellence throughout the food and agribusiness sectors.

For Our Clients

The bank provides a wide range of value-added initiatives to assist clients to build their knowledge and expertise and, ultimately, to support their business development.

Food & Agribusiness Research

Throughout the year, the bank continued its all-important commitment to provide leading-edge industry research and information to clients and employees.

Rabobank's elite Food & Agribusiness Research (FAR) division – a team of specialist analysts based locally and around the globe – is focused on producing comprehensive, world-class research and educational material including:

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

This division includes a team of locally-based analysts covering agricultural commodities and the agribusiness industries in Australia and New Zealand.

In 2005, the local FAR team was significantly expanded to now comprise eight analysts, including one based in New Zealand.

During the year, FAR produced 13 major Global Focus research reports on the

Australian and New Zealand agribusiness sectors. These reports covered agricultural commodities and agribusiness sectors including grain, beef, dairy, cotton, horticulture, wine, food retail, deer and tree nuts. In addition, local FAR analysts had input into a range of international reports including Agrivision – Partnerships in the Animal Protein Industries and The Changing Retail Scenario.

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.

Coordinated by the bank's FAR division, the Visiting Experts program is designed 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 2005, the Visiting Experts program brought to Australasia:

- international beef authority Professor Garry Smith, Department of Animal Science, Colorado State University
- Rabobank International global dairy industry specialist, Mark Voorbergen
- Rabobank International global sugar industry specialist, Andy Duff

- horticulture specialist, Patrick Vizzone, Rabobank International head of strategic advisory & research, Greater China and South Korea
- Rabobank International global wine and spirit industry specialist, Arend Heijbroek and
- Professor David Hughes, Emeritus Professor of Food Marketing, Imperial College, London.

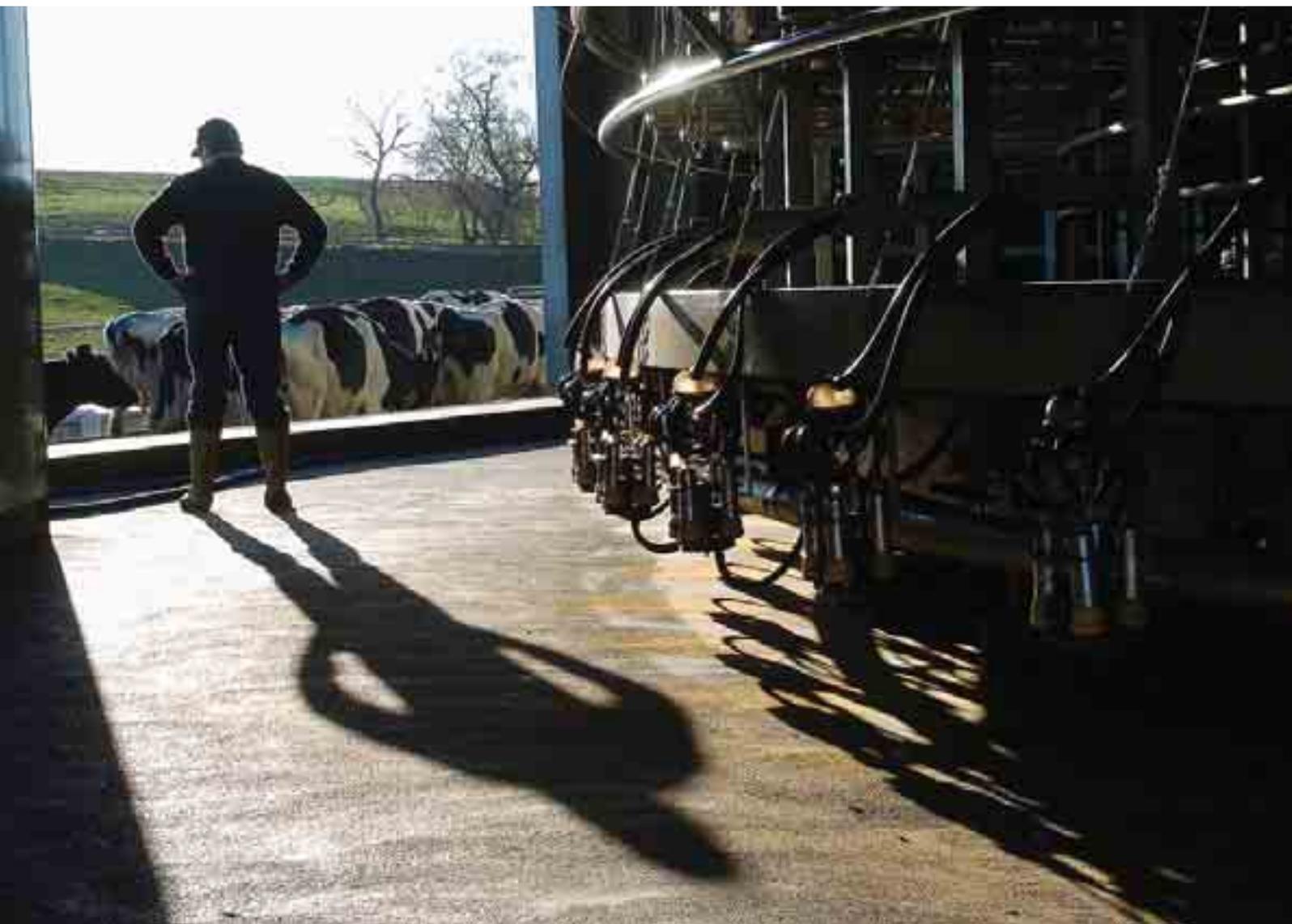
For the Agribusiness Sector

2005 saw Rabobank continue its intensive involvement in a wide range of initiatives to support and further the interests of Australian and New Zealand agriculture and agribusiness industries.

Cultivating Business Skills in Primary Producers

Rabobank's prestigious Executive Development Program (EDP) is a unique business management program designed to assist progressive primary producers to develop their leadership and business skills, and explore growth strategies for their farm businesses.

Run over nine months, the EDP comprises two week-long residential modules covering subjects including farm business management, business strategy, financial analysis, risk management, value chain management, marketing, succession planning and human resources.





In 2005, the EDP held four one-week residential modules and one Alumni Program, with a total of 143 primary producers participating.

Participants represented progressive operators from across Australia and New Zealand and were selected to provide both regional and production diversity. Course nine, which commenced in 2005, saw the strongest contingent of female participants yet, with seven in the group of 36.

Among the ongoing improvements and developments to the program, new sessions on work-life balance were added to the curriculum in 2005.

The Rabobank EDP Alumni was held in April in Christchurch, New Zealand, and was well-attended by 35 graduates and partners.

In 2006, Rabobank is launching the Farm Managers Program, a business management program designed for younger primary producers who aim to take ownership and management control of a farming business in the future.

Rabobank Rural Confidence Survey

The bank continued to conduct its regular Rabobank Rural Confidence Surveys throughout 2005.

Established more than six years ago in both Australia and New Zealand, the surveys

track outlook and general sentiment in the agricultural industries.

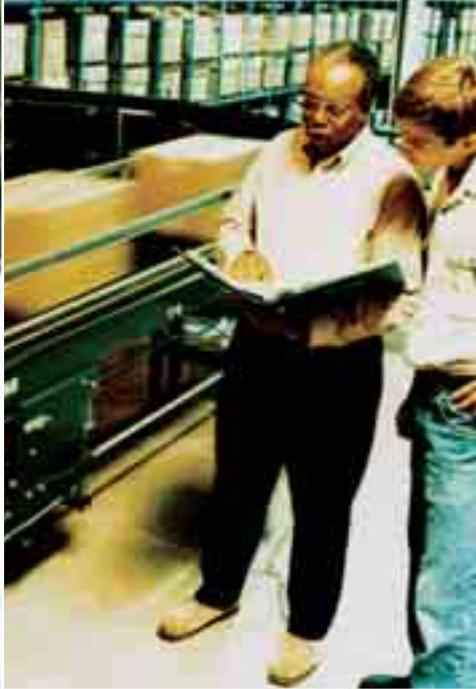
Conducted quarterly in Australia and bi-monthly in New Zealand, the Rabobank Rural Confidence Surveys are the only definitive measures of farmer confidence in both countries.

Through 2005, the survey showed Australian rural confidence decline, due primarily to higher input costs and softening commodity prices. However, Australian farmers' investment intentions and income expectations remained above the long-term trends, demonstrating a healthy level of confidence over the longer term.

In New Zealand, rural confidence levels also decreased over 2005, due to the combined effect of high interest rates and a stronger New Zealand dollar impacting on farmer returns. However, in a reflection of confidence in the longer-term outlook, the survey showed the majority of farmers intended to maintain or increase the level of investment in their farm businesses.

Sponsorships

Rabobank's commitment to the food and agribusiness sector is demonstrated by the bank's range of sponsorships in the industries and communities in which it operates.



In 2005, the bank supported a range of events and activities across the agricultural commodities and agribusiness industries.

Major sponsorships included:

Australia

■ **2005 Australian Dairy Conference**

Held in Shepparton, Victoria, this year's conference was attended by more than 300 delegates, predominantly dairy farmers. Rabobank's succession planning facilitator Kim Lee presented strategies on succession planning - one of the key future challenges for the dairy industry.

■ **Australian Meat Industry Council Meat Processor Conference**

This year's conference, themed 'Meating the Challenge', attracted delegates from North America and Asia, as well as Australia and New Zealand. Rabobank sponsored keynote speaker Dr Marcus Vinicius Pratini de Moraes, chairman of the Brazilian Beef Export Industries Association, who spoke on the topic of 'The Brazilian Beef Export Industry - The Agricultural Powerhouse Awakens'.

■ **Nuffield Scholarship**

Rabobank supports the Australian Nuffield Farming Scholars' Association scholarships, awarded annually to selected Australian primary producers to increase practical farming knowledge,

management skills and techniques. This year's Rabobank-sponsored Nuffield scholarship was awarded to Victorian farmer Leigh Vail of Swan Hill, who will study work being conducted into aerobic rice, particularly focused on establishment techniques, weed control, suitable novel genotypes, and nutrient and irrigation management.

■ **Nuffield Conference**

The 2005 Australian Nuffield Scholars' Association 'Australian Innovative Farming Conference' aimed to present solutions to issues affecting the Australian farming sector and featured innovators and leaders in agriculture. Rabobank state manager Rural Victoria Mark Bennett presented on 'Agriculture in 2050'.

■ **Wine Industry Outlook Conference**

Rabobank global wine and spirit industry specialist Arend Heijbroek was keynote speaker at the conference, presenting on the 'International Wine Outlook'.

■ **Rabobank Agribusiness Awards for Excellence 2005**

This year marked the 10th anniversary of the awards, which are the premier recognition of corporate and individual achievement within the food, fibre, beverage and agribusiness industries.

To commemorate the anniversary, a new leadership award was introduced to recognise developing talent within the industry, the Rabobank Agribusiness Emerging Leader of the Year Award. The inaugural winner of this award was the CEO of internationally-successful Australian fruit and vegetable marketer Perfection Fresh, Michael Simonetta.

■ **Australian Farm Institute**

Rabobank is a gold corporate sponsor of the Australian Farm Institute, Australia's independent farm policy research institute. The institute aims to enhance the economic and social well-being of farmers and the agricultural sector in Australia by conducting public policy research and promoting the outcomes to policy-makers and the wider community.

■ **Dairy Cooperative Leaders Forum**

The 2005 Australian and New Zealand Dairy Cooperative Leaders' Forum was held in Christchurch, New Zealand. Rabobank's global dairy industry specialist Mark Voorbergen presented on 'The Changing Landscape of the Global Dairy Industry'.

■ **Australian Cotton Shippers Conference**

Held on the Gold Coast, Queensland, the conference theme was 'Australian Cotton - Where to From Here?' Topics included the growing significance of China, ongoing quality improvements, new processing technology and international cotton promotion.

■ **Agribusiness Co-op Directors Forum**

Rabobank sponsored international keynote speaker Professor Michael Boland, a leading world authority on the strategic orientation of agricultural cooperatives. Professor Boland presented on 'Strategy and Structure: Aligning Cooperative Governance and Capital Structures'.

■ **MLA/SFE Cattle Futures Contract**

The Meat and Livestock Association/Sydney Futures Exchange contract provides cattle producers, back-grounders, feed-lot operators, processors, retailers and meat exporters with a facility to help protect their respective price risk exposures.



New Zealand

■ *Rabobank Romeo Bragato Conference*

New Zealand's major wine conference this year was held in Gisborne, with more than 600 in attendance. As principal sponsor for the past five years, Rabobank brings an international visiting expert to New Zealand each year to address the conference. This year's keynote speaker was Professor David Hughes, Emeritus Professor of Food Marketing, Imperial College, London.

■ *Rabobank Produce Plus Conference*

Some 700 participants attended the annual horticulture conference, held this year in Rotorua. The keynote speaker was Patrick Vizzone, Rabobank International head of strategic advisory & research, Greater China and South Korea.

■ *Ballance Farm Environment Awards*

Awards focused on building an understanding of, and promoting, sustainability in the agriculture sector. The Farm Environment Awards Trust supports New Zealand farmers who are addressing specific environmental issues on their properties.

■ *Nuffield Farming Scholarship Trust*

Rabobank continues to be a major corporate sponsor of the Trust in New Zealand. Nuffield Scholarships support innovative farmers to develop leadership skills and travel internationally to gain an understanding of global agriculture trends.

■ *Smedley Station Rabobank Scholarships*

A two-year program run for the past 75 years to provide quality agricultural training for 10 cadets. The 2,700 hectare Smedley Station was gifted to the country for use as a training facility. The program gives cadets a broad spectrum of farming including theory, stock handling, shearing and fencing. Rabobank is awarding scholarships to cadets for further study of agriculture at university.

■ *Rabobank/Lincoln University Foundation Farmer of the Year Award*

An award encouraging excellence and innovation amongst South Island farmers, supported by Rabobank for the past 11 years. The award covers a different farm type each year with lamb the theme for 2005. The 2005 winners were Fiona and Nelson Hancox from Kowhai Downs.



Investing for Continuing Growth

Throughout 2005, Rabobank continued to invest in its people and infrastructure to support the bank's clients and ensure strong business growth into the future.

Our People

The quality of its employees is a key factor that sets Rabobank apart in the market.

Throughout Australia and New Zealand, the bank employs people who know and understand the agribusiness value chain – people who have a unique appreciation of the commodities, regions and 'paths to market' that impact their clients' businesses. Similarly, in the functional support areas of the bank, Rabobank seeks to attract and retain the highest calibre employees.

In 2005, the bank continued to strive to provide excellent working conditions, terms of employment and ongoing training and development for its people.

The bank commenced roll-out of a Leadership for High Performance Program, in line with a global Rabobank Group initiative. The four-day program – which ultimately will be undertaken by all 170 employees with management roles within the bank – is designed to give managers a greater depth of leadership skills and qualities. Five programs were run over 2005, with 45 participants.

Overall, some 705 employees undertook training across 104 different courses during the course of the year, in areas including project management, human resources management, negotiation skills and performance management.

A Human Resources business partner model was established within the bank. This model is designed to provide greater support to the business with a more structured interaction with management teams.

2005 marked the first full year of Rabobank's new global on-line performance appraisal system, streamlining and standardising the bank's performance appraisal processes.

Our Infrastructure

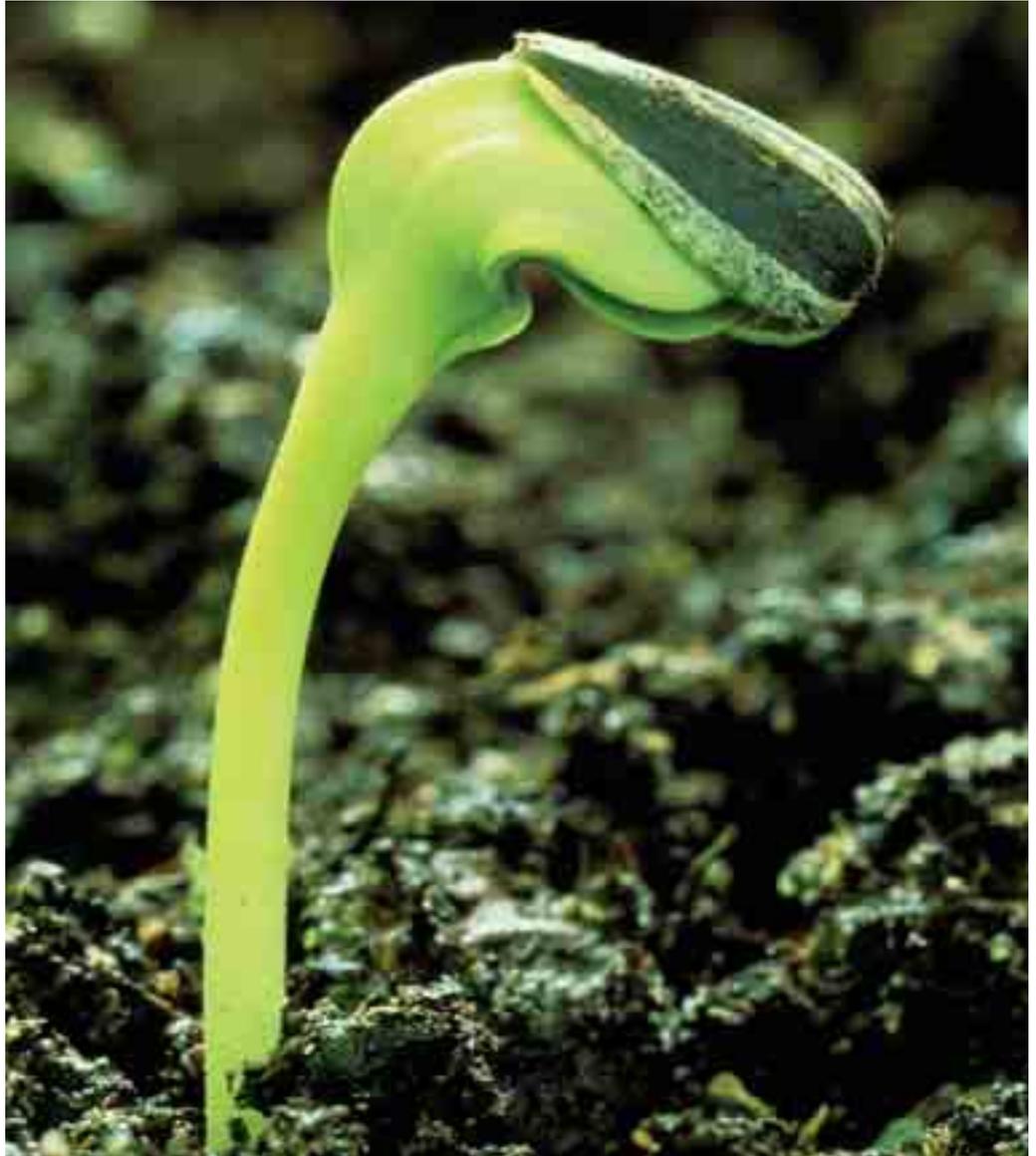
2005 saw completion of the majority of planned new branch openings and upgrades in Australia and New Zealand, following several years of rapid expansion in Rabobank's branch network in the region.

Rabobank now has 75 branches throughout Australia and New Zealand.

In August, the bank announced its Sydney-based head office would be relocated to new premises, in the newly-built Darling Park 3 office tower, by early 2007. The move will cater for ongoing growth in Rabobank's business and enable all head office employees to be accommodated in excellent conditions in one centralised location.

In the area of information architecture, the bank completed a major project rolling out new front-end systems for the newly-established Global Financial Markets business. The project – which was delivered on time and on budget – sets in place an excellent foundation to support the future expansion of this business in the Australasian region.

Rabobank's core transactional banking system demonstrated its ability to absorb sharply-increased volumes during the year, while other systems developments enabled significant take-up of Rabobank's internet banking service by New Zealand clients, building on already high usage in Australia.



The bank continued to undertake significant investment in ensuring provision of a high level of systems security to its clients.

Major systems work was also undertaken through the year to ensure compliance with new International Financial Reporting Standards.

Our Brand

There was continuing strong growth in Rabobank's brand awareness and position in the market throughout 2005.

Brand tracking research in Australia demonstrated Rabobank had excellent brand recognition and that awareness of

the bank had again risen strongly in rural areas. Rabobank was shown to be ranked ahead of all competitors as the bank its rural target market would most likely consider for lending.

A new Rabobank brand advertising campaign launched across Australia and New Zealand in April. The campaign built on previous advertising highlighting Rabobank's position as the world's leading food and agribusiness banking specialist. The new campaign comprised print advertisements featuring real testimonial quotes from clients to clearly communicate the advantages of doing business with Rabobank.





Corporate Social Responsibility

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

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

In 2005, the Rabobank 'In the Community' program was launched. 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 employees to donate directly from their pay to a range of charities with donations being matched by the bank. During the first year, there was a 9% uptake of workplace giving and a 4% uptake of community leave – both figures are expected to increase throughout 2006.

In addition, a range of donations and fundraising activities have been implemented locally and around Rabobank internationally.

Board Members





James Graham
Chairman

Chairman of Rabobank since November 2002, James Graham brings extensive experience in corporate finance and banking to this role.

Mr Graham served in several banking positions in Australia and internationally before being appointed founding managing director of Australian investment bank Gresham Partners Limited in 1985, a role he still holds.

Mr Graham sits on a number of other boards, including Wesfarmers Limited, Lumley General Insurance Limited and Riviera Group Pty Limited.



Wouter Kolff

Wouter Kolff has served as deputy chairman of the board since November 2002.

Mr Kolff is the vice-chairman of the managing board of Rabobank International – based in Utrecht, the Netherlands. He is responsible for the bank's activities in Europe, Asia, Australia and New Zealand, as well as international retail initiatives.

Mr Kolff joined Rabobank International in 1990 after nearly 20 years with ABN Bank.



Bruce Dick

Chief executive officer of Rabobank Australia & New Zealand since May 2001, Bruce Dick previously headed Rabobank's rural banking operations in Australia and New Zealand.

Mr Dick has a strong background in banking in Australia and New Zealand.

Before 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 Rabobank Australia & New Zealand in April 2003 as deputy chief executive and head of Corporate Financial Services.

A chartered accountant, Mr Davis has over 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.



John Palmer

Appointed to the board in November 2004, John Palmer has an extensive history in both the agribusiness and financial services industries.

Mr Palmer is currently chairman of Air New Zealand. He is a former chairman of the New Zealand Kiwifruit Marketing Board and of Wrightson Limited, which was New Zealand's largest rural servicing company. He is chairman of Nelson Fruit Services and Fruit Logistics (Nelson) and his other directorships include Saxton Fruit Limited, AMP Life Limited and family businesses associated with horticulture.



Erich Fraunschiel

In 18 years with Wesfarmers Group – the last 10 as executive director and CFO – Erich Fraunschiel had exposure to a number of industry sectors, including agricultural services, financial services, insurance, retailing, manufacturing, coal mining and distribution/processing.

His previous business experience included petroleum marketing, management consulting and investment banking.

Mr Fraunschiel serves on the boards of Woodside Petroleum Limited, West Australian Newspapers Holdings Limited and WorleyParsons Limited, as well as a number of unlisted companies.



David Smithers

David Smithers AM is an executive general manager with Leighton Holdings Limited.

He has vast experience in the financial services sector, particularly in corporate valuation, mergers and acquisitions, privatisations and restructuring.

Mr Smithers was formerly 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.



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.

Management Committee



Bill Gurry

Bill Gurry AO 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 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.

Chairman

Bruce Dick

Chief Executive Officer

Executive

Andrew Davis

*Deputy Chief Executive
Head of Corporate
Financial Services*

David Owen

Chief Financial Officer

Victor Cuyckens

Chief Operating Officer

Neil Dobbin

Head of Rural Banking

Members

Paul Beiboer

*Head of Global Financial
Markets*

Dean Clark

*General Manager,
Head of Business Banking*

Doug Crombie

*General Manager,
Rural New Zealand*

Steve Cvetko

*Head of Mergers and
Acquisitions*

Edward Debenham

Head of Strategy

Brad Dixon

Head of Operations

Ian Donaldson

General Manager, Finance

Phil Hislop

General Manager, Credit

Belinda Howell

General Manager, Marketing

Bryan Inch

Head of Financial Services

Greg Kelly

*General Counsel & Group
Corporate Secretary*

Maria Kent

Head of IT Infrastructure

Peter Knoblanche

General Manager, Rural Australia

Kim Lyell

*Head of Information
Systems & Development*

Brett Reid

Head of Human Resources

Ben Russell

*Head of Food & Agribusiness
Research*



2005 Financial Results

Rabobank Australia & New Zealand

Income and Expenses (AUD millions)

	2005 \$	2004 \$	2003 \$	2002 \$	2001 \$
Income	374.4	352.7	322.1	281.8	257.9
Operating Expenses (Including Provisions)	213.5	165.3	142.0	121.6	125.7
Net Profit from Banking Operations (Before Income Tax)	160.9	187.4	180.1	160.2	132.2

Assets, Liabilities and Shareholder Equity (AUD billions)

	2005 \$	2004 \$	2003 \$	2002 \$	2001 \$
Total Assets	18.8	16.9	14.7	12.1	11.8
Total Liabilities	17.9	16.1	14.0	11.5	11.3
Shareholder Equity	0.9	0.8	0.7	0.6	0.5
Total Liabilities & Shareholder Equity	18.8	16.9	14.7	12.1	11.8



Directory

Local Rabobank Offices

Australia

Queensland

Atherton
Ayr
Brisbane
Cloncurry
Dalby
Emerald
Goondiwindi
Ingham
Longreach
Mackay
Rockhampton
Roma
Toowoomba
Townsville

New South Wales

Armidale
Dubbo
Forbes
Goulburn
Griffith
Moree
Orange
Sydney
Tamworth
Wagga Wagga

Victoria

Horsham
Melbourne

Sale
Shepparton
Swan Hill
Warrnambool

Tasmania

Launceston

South Australia

Adelaide
Berri
Clare
Kadina
Mount Gambier
Port Lincoln

Western Australia

Albany
Bunbury
Esperance
Geraldton
Merredin
Moora
Narrogin
Perth

Northern Territory

Darwin

New Zealand

North Island

Auckland
Dannevirke
Feilding
Gisborne
Hamilton
Hastings
Hawera

Masterton
Matamata
New Plymouth
Otorohanga
Pukekohe
Rotorua
Taumarunui
Te Puke

Thames
Waipukurau
Wellington
Whangarei

South Island

Alexandra
Ashburton
Blenheim

Christchurch
Dunedin
Gore
Invercargill
Nelson
Oamaru
Timaru



Rabobank International Locations

Argentina	Guernsey	Singapore
Austria	Hungary	Spain
Belgium	India	Sweden
Brazil	Indonesia	Switzerland
Canada	Ireland	Taiwan
Cayman Islands	Italy	Thailand
Chile	Japan	Turkey
China	Korea	United States
Curaçao	Luxembourg	
Denmark	Mexico	
Finland	Netherlands	
France	Norway	
Germany	Poland	
Great Britain	Russia	

Rabobank Group is represented in additional countries through its subsidiary companies Interpolis and De Lage Landen.

Colophon

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- ISO 14001 accredited supplier
- 55% recycled fibre from both pre and post-consumer sources
- 45% virgin ECF fibre - combinations of PEFC, FSC and SFI fibre sourced from sustainable forests.

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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Rabobank