



Rabobank Group



Financial Statements 2002
and other information

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

This document and the separate publication 'Rabobank Group Annual Report 2002' together form the Annual Report, the Financial Statements and the other information of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA.

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Consolidated balance sheet

at 31 December 2002 (after profit appropriation)

(in EUR millions)	2002	2001
Assets		
Cash (1)	3,807	3,736
Short-term government paper (2)	1,813	5,311
Professional securities transactions	40,053	28,359
Other banks	7,176	11,719
Banks (3)	47,229	40,078
Public sector lending	797	761
Private sector lending	212,323	197,262
Professional securities transactions	12,132	10,591
Lending (4)	225,252	208,614
Interest-bearing securities (5)	71,320	78,680
Shares (6)	11,062	12,556
Participating interests (7)	184	156
Property and equipment (8)	3,870	3,756
Other assets (9)	4,519	4,425
Prepayments and accrued income (10)	5,664	6,367
Total assets	374,720	363,679

Consolidated profit and loss account

for 2002

(in EUR millions)	2002	2001
Income		
Interest income (23)	18,265	20,042
Interest expense (24)	12,874	14,960
Interest	5,391	5,082
Income from securities and participating interests (25)	529	517
Commission income (26)	2,049	1,974
Commission expense (27)	254	214
Commission	1,795	1,760
Results on financial transactions (28)	285	422
Other income (29)	564	653
Total income	8,564	8,434
Expenses		
Staff costs (30)	3,682	3,565
Other administrative expenses (31)	1,789	2,032
Staff costs and other administrative expenses	5,471	5,597
Depreciation (32)	368	368
Operating expenses	5,839	5,965
Value adjustments to receivables (33)	500	480
Value adjustments to financial fixed assets (34)	252	59
Total expenses	6,591	6,504
Operating profit before taxation	1,973	1,930
Taxation on operating profit (35)	514	532
Operating profit/Group profit after taxation	1,459	1,398
Third-party interests (36)	209	192
Net profit	1,250	1,206

Cash flow statement

(in EUR millions)	2002	2001
Cash flow from operational activities		
Operating profit/Group profit after taxation	1,459	1,398
Adjustments for:		
- depreciation	368	368
- value adjustments to receivables	500	480
- value adjustments to financial fixed assets	252	59
- movements in technical reserves relating to the insurance business	939	1,439
- movements in other provisions	(937)	(19)
- movements in accrued and deferred items	4,734	(2,591)
	5,856	(264)
Cash flow from business operations	7,315	1,134
Movements in short-term government paper	3,498	2,051
Movements in securities trading portfolio	3,340	198
Movements in securitised loans	(154)	159
Movements in banks	(675)	(4,294)
Movements in lending	(17,138)	(17,428)
Movements in funds entrusted	(542)	25,469
Other movements from operational activities	(469)	(8,793)
	(12,140)	(2,638)
Net cash flow from operational activities	(4,825)	(1,504)
Cash flow from investing activities		
Investments and purchases		
- investment portfolios	(22,495)	(35,864)
- participating interests	(126)	(39)
- tangible fixed assets	(802)	(869)
	(23,423)	(36,772)
Disposals, redemptions and sales		
- investment portfolio	23,801	29,676
- participating interests	136	457
- tangible fixed assets	333	202
	24,270	30,335
Net cash flow from investing activities	847	(6,437)
Cash flow from financing activities		
Rabobank Membership Certificates	1,575	1,384
Movements in subordinated loans	59	(1)
Movements in debt securities	3,225	8,627
Payment on Rabobank Membership Certificates and Trust Preferred Securities	(206)	(122)
Net cash flow from financing activities	4,653	9,888
Net cash flow	675	1,947

The cash flow statement provides a summary of the net movements in operational, investing and financing activities.

Cash and cash equivalents consist of legal tender and balances available on demand with central banks.

Notes

Basis of consolidation

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

The consolidated financial statements form part of the financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank BA ('Rabobank Nederland') and are referred to as the financial statements of Rabobank Group.

The difference between the equity and results as presented in the financial statements of Rabobank Group and in the financial statements of Rabobank Nederland can be attributed to the equity and results of the local member banks affiliated to Rabobank Nederland, Rabohypotheekbank NV and Onderlinge Waarborgmaatschappij Rabobanken BA.

The financial statements have been drawn up in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

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

Changes in classification and accounting policies with effect from 2002

At 1 January 2002 a change in accounting policy for pension charges relating to defined benefit pension schemes was introduced. Under the policy that applied until 31 December 2001, the contributions set annually based on the financing agreements were taken to the profit and loss account of Rabobank Nederland. This policy resulted in highly fluctuating pension charges in the financial statements. The new policy is based on the accrual of pension rights rather than the financing agreements and results in more stable pension charges calculated on the basis of pensionable earnings. The new 'dynamic contribution policy' takes account of estimates of a number of future economic factors, such as pay increases, indexations, investment returns and developments in the client base.

Owing to the change in accounting policy, EUR 1,884 million was charged to other reserves of Rabobank Nederland at 1 January 2002 and simultaneously a provision for pensions of EUR 2,894 million was formed and a deferred tax asset of EUR 1,010 million was recognised. These amounts are higher than those stated in the 2001 financial statements, which related only to pensions administered by Stichting Pensioenfonds Rabobankorganisatie. Other comparable

pension schemes are now also included in the calculations, which used more up-to-date information and assumptions.

The comparative figures for 2001 in this Annual Report have been restated accordingly. Other assets have been increased by EUR 60 million and provisions by EUR 2,163 million, and other liabilities have been reduced by EUR 219 million. Staff costs (pension charges) for 2001 have been increased by EUR 131 million. Taking the tax burden into account, the net effect on the result is EUR 85 million.

Other prior-year figures have been reclassified where necessary for comparative purposes. These reclassifications have no effect on results or equity.

Recognition of financial instruments in the balance sheet

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

Accounting policies

General

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

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

Derivatives

Derivative contracts relating to trading activities are included at their market value in the balance sheet, under prepayments and accrued income or under accruals and deferred income as appropriate. Changes in these market values are accounted for in the profit and loss account. The market value of derivative contracts relating to trading activities is determined taking into account the costs of

eliminating market risk, the expected credit risk and administrative expenses, cash adjustments and adjustments resulting from market developments.

Interest rate contracts relating to trading activities are stated at market value based on the spot price ruling at the balance sheet date. Gains and losses on these contracts are accounted for under results on financial transactions. Other interest rate contracts are valued in line with the underlying assets and liabilities. Gains and losses are accounted for under interest in proportion to the expired term.

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

Foreign currency

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

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

Leasing

Amounts receivable on leases of movable and immovable property are included in the balance sheet under lending and banks. The value of rights acquired under techno-lease agreements is included under lending. Net income from lease contracts is taken to the profit and loss account under interest income.

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

Investment portfolio

The investment portfolio consists of securities forming part of fixed assets and held as investments in accordance with Rabobank policy. Bonds and other interest-bearing securities are carried at redemption value. The difference between redemption value and cost is

accounted for under prepayments and accrued income or accruals and deferred income as appropriate and taken to interest income over the term of the securities concerned.

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

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

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

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

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

The accounting policy for investments in separate investment funds (insurance business) is the same as the policy described above, except for unrealised differences in value on investments in shares

and other variable-yield securities, which are accounted for in the provision for price differences third parties. Realised price gains and losses are taken direct to the profit and loss account. Other investments for the account and risk of policyholders are carried at market value, increased with accrued interest where appropriate. Realised and unrealised differences in value are taken to the profit and loss account.

Trading portfolio

The trading portfolio is carried at market value or estimated realisable value at the balance sheet date. Valuation differences relating to the trading portfolio are accounted for under results on financial transactions.

Repurchased own bonds and other interest-bearing securities for resale are carried at the lower of cost and market value.

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

Certificates of deposit and commercial paper

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

Temporary other investments

Temporary other investments are carried at market value determined individually for each investment. The resulting positive differences in value in relation to cost are taken to the revaluation reserve.

Decreases in the revaluation reserve due to disposals are released to the profit and loss account. Downward value adjustments and reversals of them are taken to the profit and loss account under value adjustments to financial fixed assets.

Participating interests

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

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

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

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

Property and equipment

Property in use by the Bank

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

Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. The current cost is depreciated on a straight-line basis over an expected useful economic life of at most 40 years. Bank buildings under con-

struction are carried at cost. No depreciation is charged while work is in progress.

Buildings due to be sold are stated at their appraised realisable value. Lump-sum ground rent of land held on long lease is capitalised and written off over a period not exceeding 40 years.

Property not in use by the Bank

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

Immovable property acquired under foreclosure is carried at the lower of cost and net realisable value. Construction projects in progress are carried at the lower of cost and net realisable value, net of payments received on account.

Property relating to the insurance business

All land and buildings are carried at current cost, i.e. the estimated private sale value, taking into account the expected return on investment and the nature and location of the property. Changes in value resulting from this accounting policy are taken to the revaluation reserve, taking into account deferred taxation. Buildings under construction are carried at the direct all-inclusive building costs

incurred up to the balance sheet date, plus the contractual obligations entered into and net of any expected decrease in value upon delivery. Land and buildings are not depreciated.

Equipment

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

Debt securities

Borrowings

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

Provisions

Provision for pensions

The provision for pension obligations under defined benefit pension schemes is determined according to a method that calculates the discounted value of the pension obligations on the basis of the number of years of active service until the balance sheet date, the estimated salary at the expected date of termination of employment,

indexation and the market rate of interest on high-quality bonds already being traded. To spread the pension charges evenly over the years, the expected return on the investments is incorporated in the calculations. Differences between the expected and actual return on the investments, as well as any actuarial adjustments, are not taken to the profit and loss account, unless the cumulative total of these differences and adjustments exceeds 10% of the larger of the obligations under the pension scheme and the fair value of the corresponding investments. The portion that exceeds this limit is taken to the profit and loss account over the future working lives of the scheme members. The estimates of future factors are based on long-term studies carried out by Rabobank Group. These estimates are by definition uncertain and are therefore tested regularly and adjusted as necessary.

Provision for deferred taxation

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

Technical reserves relating to the insurance business

Unearned premium reserve

The unearned premium reserve relates to non-life insurance only

and represents the unearned portion of premiums written. The reserve includes the ageing provisions for disability and sickness benefits policies.

Provision for life insurance

Life insurance liabilities are calculated in accordance with the net method on the basis of recent mortality tables and a discount rate of predominantly 4%. For life insurance policies concluded after 1 August 1999, a discount rate of 3% is used. The discount rate used for underwriting liabilities relating to savings mortgages is equal to the interest rate on the mortgage loan linked to the insurances. The provision is stated net of capitalised interest rate rebates and net of capitalised new-business commission incurred on life insurance policies with renewal premiums paid at regular intervals. Capitalised interest rate rebates on policies for which Interpolis bears the full investment risk are amortised to the profit and loss account evenly over a period of ten years. For policies for which Interpolis bears virtually no investment risk, amortisation is over the full term of the policy. This provision includes profit guarantees calculated according to actuarial principles.

Outstanding claims reserve

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

Provision for insurance for which policyholders bear the investment risk

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

The provisions for other insurances for which policyholders bear the

investment risk are calculated in accordance with the carrying value of the underlying investments.

Other technical reserves

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

Other provisions

Other provisions, banking activities

During the term of the Collective Labour Agreement (CLA), employees who meet the CLA requirements can opt for early retirement at or around the age of 60. A provision has been formed for employees who might opt for the Voluntary Early Retirement Scheme. The provision is calculated actuarially, using an average market rate of interest for all employees meeting the criteria and who are likely to make use of the scheme. All other provisions are carried at their non-discounted value.

Other provisions, insurance business

The provision for price differences third parties relates to unrealised price differences, as at the balance sheet date, on investments in property and shares of separate investment funds. Results realised on the sale of property and shares are taken to the profit and loss account. The provisions for staff non-activity schemes include a provision for early retirement. The provision represents the present value of staff costs to be incurred during the period of early retirement. A discount rate of 4% is used to calculate the provision. For staff covered by the CLA for the insurance business, a new pension scheme was introduced on 1 January 2000. Under the new scheme, the retirement age for field staff is 61 and for office staff, 62. The provision for the early retirement of these employees only applies therefore to benefits in the course of payment at 1 January 2000 and benefits falling under the transition arrangement included in the CLA for the insurance business.

Fund for general banking risks

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

Income and expenses

Interest, commission and other income are recognised in the financial year to which they relate. Interest and commission due which are doubtful of collection are not recognised as income. This applies in particular to unpaid interest and commission on loans and advances whose value has been adjusted because of a debtor's expected or actual default. The same applies to the unpaid portion of interest and commission on those loans and advances whose value has been adjusted on account of country risks. In determining the costs, allowance is made for accrued and deferred items. In calculating the tax charge, allowance is made for the current tax relief facilities, and their interpretations, including additions to the item value adjustments to receivables and to the fund for general banking risks, which are taken into account in full.

Depreciation is charged in accordance with the notes to the item property and equipment.

Notes to the consolidated balance sheet

(in EUR millions)

1 Cash

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

2 Short-term government paper

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

At cost: EUR 1,808 (5,306) million.

At market value: EUR 1,809 (5,300) million.

3 Banks

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

The total amount includes amounts receivable on lease contracts of EUR 94 (87) million, and assets transferred under sale and repurchase transactions of EUR 8,928 (9,904) million.

EUR 2 (-) million is not readily available, as it has been pledged as security.

4 Lending

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

	2002	2001
This item can be broken down as follows:		
- Public sector lending	797	761
- Private sector lending (corporate clients)	111,382	106,885
- Private sector lending (private individuals)	102,665	92,077
- Professional securities transactions	12,132	10,591
- Provisions for doubtful debts and country risks	(1,724)	(1,700)
Total lending	225,252	208,614
This item includes:		
- Loans and advances to participating interests	20	20
- Subordinated loans and advances to participating interests	121	-
- Other subordinated loans and advances	129	6
- Amounts receivable on lease contracts	11,228	10,417
Of which operating lease contracts	2,945	2,810
- Loans and advances guaranteed by public authorities	7,830	5,269
- Mortgages guaranteed by public authorities	9,062	8,233
- Other mortgages	130,728	117,431
Total home mortgages	99,762	88,307
Assets transferred under sale and repurchase transactions	15,373	5,102
Breakdown of private sector lending by industry sector:		
- Agricultural sector	15%	15%
- Trade, industry and the services sector	39%	40%
- Private individuals	46%	45%

Movements in provisions for doubtful debts and country risks

	2002	2001
Balance at 1 January	1,753	1,646
Addition	500	480
Amounts charged to the provisions	(460)	(430)
Other movements, including currency translation differences	(8)	57
Balance at 31 December	1,785	1,753

EUR 1,724 (1,700) million relates to lending, while the remainder of the balance relates to banks, interest-bearing securities and off-balance-sheet items.

Analysis by business unit

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

2002	Retail banking	Wholesale banking	Asset management	Leasing
Balance at 1 January	935	722	5	89
Addition	165	266	-	68
Amounts charged to the provisions	(94)	(289)	-	(77)
Other	15	(16)	(4)	(1)
Balance at 31 December	1,021	683	1	79
Impaired loans	1,579	2,215	1	345

2001	Retail banking	Wholesale banking	Asset management	Leasing
Balance at 1 January	858	674	13	100
Addition	150	268	1	60
Amounts charged to the provisions	(90)	(255)	(10)	(75)
Other	17	35	1	4
Balance at 31 December	935	722	5	89
Impaired loans	1,448	2,156	6	320

Risk on non-OECD countries

	In Europe	In Africa	In Latin America	In Asia/ Pacific	Total	As a % of total assets
Economic country risk (excluding derivatives) ¹	531	284	3,118	4,334	8,267	2.2%
Risk-reducing components:						
Loans and advances granted in local currency	397	14	698	1,029	2,138	
Third-party coverage of country risk	54	48	1,185	857	2,144	
Deduction for transactions with lower risk	42	87	452	316	897	
Net exposure before provisions	38	135	783	2,132	3,088	0.8%
						As a % of total assets
Total provisions for economic country risk	3	6	87	154	250	14.0%

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

5 Interest-bearing securities

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

	2002	2001
Interest-bearing securities of		
- Public authorities	38,644	49,052
- Other issuers	32,676	29,628
Total interest-bearing securities	71,320	78,680
This item can be broken down as follows:		
- Investment portfolio	40,946	44,955
- Trading portfolio	29,264	32,769
- Securitised loans	1,110	956
	71,320	78,680
The portfolio includes:		
- Securities issued by group companies	115	265
- Subordinated securities	-	5
Listed securities	58,485	65,108
Unlisted securities	12,835	13,572
Falling due next year	6,878	14,529
Given on loan	242	28
Amount not readily available (pledged as security)	1,454	6,269
Assets transferred under sale and repurchase transactions	4,219	10,798
Investment portfolio at cost	41,802	45,638
Trading portfolio at cost	29,351	32,767
Movements in the investment portfolio:		
Balance at 1 January	44,955	40,277
Purchases	19,740	31,218
Sales and redemptions	(21,388)	(27,030)
Currency translation differences and other movements	(2,361)	490
Balance at 31 December	40,946	44,955

6 Shares

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

	2002	2001
This item can be broken down as follows:		
- Investment portfolio	8,293	9,709
- Trading portfolio	2,458	2,539
- Client options	311	308
Total	11,062	12,556
Of which listed	5,100	5,935
Of which unlisted	5,962	6,621
Trading portfolio at cost	2,072	2,329
Temporary other investments included in total	4,817	5,301

Movements in the investment portfolio:

	2002	2001
Balance at 1 January	9,709	7,979
Addition as a result of changes in accounting policies	-	167
Purchases	2,755	4,646
Sales	(2,413)	(2,646)
Revaluation	(35)	(378)
Changes in value and reversals	(251)	(59)
Other movements	(1,472)	-
Balance at 31 December	8,293	9,709
Total revaluations	36	268
Total diminutions in value	657	65

Other movements include changes in the value of investments for which policyholders bear the investment risk, and currency translation differences.

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

Breakdown of investment and trading portfolios

	2002	2001
Investment portfolios		
Dutch government	4,562	5,983
Other OECD states	20,433	29,817
Mortgage-backed securities	4,947	4,829
Other interest-bearing securities	12,817	9,637
Total interest-bearing securities and short-term government paper	42,759	50,266
Shares	8,293	9,709
Total investment portfolios	51,052	59,975
Trading portfolios		
Dutch government	2,597	2,524
Other OECD states	24,081	25,628
Other interest-bearing securities	2,586	4,617
Total interest-bearing securities	29,264	32,769
Shares	2,458	2,539
Total trading portfolios	31,722	35,308

7 Participating interests

This item represents the interests held in participating interests.

	2002	2001
Participating interests, of which:		
- Credit institutions	8	8
- Other	176	148
Total participating interests	184	156
Movements in participating interests:		
Balance at 1 January	156	567
Investments	126	39
Disposals	(136)	(457)
Profit for the year	53	34
Revaluation and other movements	(15)	(27)
Balance at 31 December	184	156
Total revaluations	53	21
Total diminutions in value	56	14
The capital commitments amount to some EUR 36 (165) million.		

8 Property and equipment

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

	2002	2001
Land and buildings in own use	2,490	2,386
Other land and buildings	751	696
Equipment	629	674
Total property and equipment	3,870	3,756
Of which leased	-	41
Capital commitments	147	140

Movements in property and equipment	Land and buildings in own use	Other land and buildings	Equipment	Total
Net book value at 1 January	2,386	696	674	3,756
Additions	296	236	270	802
Disposals	(84)	(195)	(54)	(333)
Revaluation	8	11	-	19
Depreciation and diminutions in value	(115)	6	(252)	(361)
Exchange differences	(1)	(3)	(9)	(13)
Net book value at 31 December	2,490	751	629	3,870
Total revaluations	294	99	-	393
Total depreciation and diminutions in value	1,060	19	1,301	2,380

9 Other assets

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

Amounts receivable, other than prepayments and accrued income, included under this heading amount to EUR 3,817 (3,836) million. This item also includes a tax receivable of EUR 347 (603) million in respect of corporate income tax and a deferred tax asset of EUR 187 (560) million with a non-discounted value of EUR 142 (519) million.

10 Prepayments and accrued income

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

11 Banks

This item represents amounts owed to credit institutions, other than debt securities and subordinated loans, of which debts secured by assets amount to EUR 21,808 (19,609) million.

12 Funds entrusted

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

This item includes funds entrusted by participating interests of EUR - (145) million and funds entrusted secured by assets of EUR 6,039 (8,544) million.

13 Debt securities

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

14 Other liabilities

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

15 Accruals and deferred income

This item relates to payments received in advance, accrued interest and other amounts payable. It also includes obligations representing accrued holiday entitlements and additional leave days.

16 Provisions

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

	2002	2001
Provision for pensions	1,662	2,415
Provision for deferred taxation	206	250
Technical reserves relating to the insurance business	15,435	14,496
Other provisions	1,035	1,175
Total provisions	18,338	18,336

Provision for deferred taxation

The non-discounted value of deferred taxation amounted to EUR 206 (250) million.

Provision for pensions

Weighted average of principal actuarial assumptions used in the valuation of these provisions at 31 December (% per annum):

	2002	2001
Discount rate	4.75	4.75
Expected salary accrual rate	3.50	3.50
Index of consumer price inflation	2.75	2.75

The expected return on investments to cover pension obligations was 7.5% in 2002. The actual return in 2002 was negative and approximately 9%.

The provision for pensions at 1 January 2002 can be broken down as follows:

Obligations arising from defined benefit pension schemes	7,355
Fair value of the investments	4,461
Adjustment due to change in accounting policy	2,894
Prepayments to the pension fund in 2001	(500)
	2,394
Other pension obligations (defined contribution schemes)	21
Balance at 1 January 2002	2,415

The fair value of the investments at 31 December 2002 amounted to EUR 5,351 million.

	2002
Movements in the provision for pensions can be summarised as follows:	
Defined benefit pension schemes	
Balance at 1 January	2,394
Addition charged to the profit and loss account	174
Payments to pension funds	(924)
Balance at 31 December	1,644
Defined contribution schemes	
Balance at 1 January	21
Movements	(3)
Balance at 31 December	18

17 Fund for general banking risks

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

	2002	2001
Movements in the fund for general banking risks:		
Balance at 1 January	1,679	1,666
Tax	-	13
Balance at 31 December	1,679	1,679

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

18 Subordinated loans

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

The subordinated debt of Weiss, Peck & Greer LLC consists of two loans.

The first loan amounts to USD 5 million, falls due in 2006 and bears interest at 7.72%. The second loan amounts to USD 10 million, falls due in 2008 and bears interest at 8.81%. Interest charged to the year under review amounted to USD 0.5 million and USD 0.9 million respectively. Repayment ahead of schedule is possible subject to certain conditions.

The subordinated debt of Roparco NV is a loan of EUR 26.3 million bearing interest at a variable rate, which averaged 5.25% in 2002. The loan is open-ended, subject to a notice period of five years. The subordination can be lifted only after written approval from the Dutch Central Bank.

Interest charged to the year under review amounted to EUR 1.4 million.

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

The subordinated debt of ACC Bank is a loan of EUR 63 million bearing interest at a variable rate. The loan matures in 2008. Interest charged to the year under review amounted to EUR 0.1 million.

19 Reserves

	2002	2001
Reserves can be broken down as follows:		
Revaluation reserves	246	417
Other reserves	10,164	9,687
Rabobank Membership Certificates	3,851	2,276
Trust Preferred Securities	650	650
	14,911	13,030
Movements in reserves:		
Revaluation reserves		
Balance at 1 January	417	407
Movement as a result of changes in accounting policies	-	354
Revaluation	(152)	(117)
Transferred to other reserves	(13)	(10)
Released to profit and loss account	(6)	(217)
Balance at 31 December	246	417

This item includes the revaluation reserves for immovable property, shares and participating interests.

Other reserves

Balance at 1 January	9,687	11,159
Movement as a result of changes in accounting policies	-	(306)
Transferred from revaluation reserves	13	10
Goodwill	(635)	(526)
Other movements	55	65
Profit appropriation	1,044	1,169
Balance at 31 December	10,164	11,571
Change in accounting policy for pensions	-	(1,799)
Net effect of change in accounting policy for pensions	-	(85)
Balance at 31 December after changes in accounting policies	10,164	9,687

Owing to the change in accounting policy, at 1 January 2002 EUR 1,884 million was charged to other reserves of Rabobank Nederland and simultaneously a provision for pensions of EUR 2,894 million was formed and a deferred tax asset of EUR 1,010 million was recognised.

Significant equity interests acquired in 2002:

- Bank Sarasin & Cie, Switzerland
- Boston Partners Asset Managers, United States
- ACC Bank, Republic of Ireland
- Valley Independent Bank, United States
- Transtrend, Netherlands
- Sage Capital Management, United States

The goodwill paid amounted to EUR 635 million.

Rabobank Membership Certificates

Balance at 1 January	2,276	892
Issued	1,575	1,384
Balance at 31 December	3,851	2,276

In 2000, Rabobank Ledencertificaten N.V. (RLC), a group company of Rabobank Nederland, issued 40 million shares. The total proceeds of this issue amounted to EUR 1,000 million. In 2000, RLC granted Rabobank Nederland a EUR 900 million deep subordinated loan with a term of 31 years. In 2001, RLC issued an additional 60 million shares. The total proceeds of this issue amounted to EUR 1,575 million. In 2001, RLC granted Rabobank Nederland a EUR 1,350 million deep subordinated loan with a term of 30 years. In 2002, RLC II issued an additional 17 million shares. The total proceeds of this issue amounted to EUR 1,747 million. In 2002, RLC II granted Rabobank Nederland a EUR 1,487 million deep subordinated loan with a term of 32 years. As at year-end 2002, the number of shares held by members and employees was 97,972,359 (97,688,468) with a net asset value of EUR 2,520 (2,515) million and 16,410,074 shares with a net asset value of EUR 1,641 million. Subject to the prior written permission of the Dutch Central Bank, the loan may be repaid ahead of schedule on 29 June 2006 and every subsequent 29 June.

Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no dividend is paid if the consolidated profit and loss account shows a loss for any financial year, the issue proceeds, insofar as they have been lent on to Rabobank Nederland, are recognised as reserves in proportion to the number of shares held by members and employees. As a result, dividend payments are accounted for in the profit appropriation.

Trust Preferred Securities

In 1999, 26 million 7% non-cumulative Trust Preferred Securities (financing preference shares) were issued via Rabobank Capital Funding Trust, Delaware, a group company of Rabobank Nederland, raising total proceeds of EUR 650 million.

As from 31 December 2004, the Bank has the right, after receiving prior written approval from the Dutch Central Bank, to repurchase the financing preference shares on each dividend payment date.

Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid if the consolidated profit and loss account shows a loss for any financial year, the issue proceeds are recognised as reserves. As a result, dividend payments are accounted for in the profit appropriation.

20 Third-party interests

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

	2002	2001
Balance at 1 January	3,654	3,151
Currency translation differences	(270)	57
Other movements	1,123	446
Balance at 31 December	4,507	3,654

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

Solvency

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

	2002	2001
Tier I and Tier II capital can be broken down as follows:		
Other reserves	10,164	9,687
Fund for general banking risks	1,679	1,679
Rabobank Membership Certificates	3,851	2,276
Trust Preferred Securities	650	650
Innovative capital	4,501	2,926
Third-party interests treated as qualifying capital	858	890
Deductions	(131)	(90)
Tier I capital	17,071	15,092
Revaluation reserve	246	417
Subordinated loan treated as qualifying capital	97	33
Tier I and Tier II capital	17,414	15,542

	2002		2001	
	Minimum required	Available	Minimum required	Available
Tier I and Tier II capital	13,268	17,414	12,225	15,542
Tier I and Tier II ratio	8	10.5	8	10.2
Tier I capitals	6,634	17,071	6,112	15,092
Tier I ratio	4	10.3	4	9.9

Summary of remaining terms to maturity

(the 2001 figures are shown between brackets)

	Total	Withdrawable:				
		On demand/ undated	≤3 months	>3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years
Assets						
Banks	47,229 (40,078)	1,142 (1,418)	38,711 (28,903)	3,942 (5,343)	2,856 (4,055)	578 (359)
Lending	225,252 (208,614)	7,420 (9,336)	41,541 (40,370)	12,945 (11,384)	34,355 (32,657)	128,991 (114,867)
Liabilities						
Banks	85,886 (80,014)	10,000 (7,829)	67,670 (60,519)	5,020 (7,034)	1,735 (2,499)	1,461 (2,133)
Funds entrusted:						
- Savings	66,272 (63,060)	61,245 (57,080)	2,047 (3,299)	196 (120)	1,837 (1,614)	947 (947)
- Other	105,360 (109,114)	41,714 (39,377)	49,761 (53,039)	1,764 (5,926)	9,158 (7,706)	2,963 (3,066)
Debt securities	61,739 (58,514)	- (-)	18,438 (17,583)	9,787 (11,362)	24,795 (21,934)	8,719 (7,635)

Management and agency services

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

Foreign currency

Total assets denominated in foreign currencies amount to EUR 113,229 (127,575) million.

Total liabilities denominated in foreign currencies amount to EUR 143,135 (169,997) million.

The balance of these amounts does not reflect the currency position, as most of the risk has been hedged by means of derivatives not disclosed in the balance sheet.

Part of the derivatives in foreign currencies relates to trading positions.

21 Contingent liabilities

This item relates to transactions in which the Group stands surety for commitments of third parties.

	2002	2001
Contingent liabilities consist of:		
- Bills discounted	25	37
- Guarantees, et cetera	6,412	8,537
- Irrevocable letters of credit	977	803
- Other contingent liabilities	241	275
Total contingent liabilities	7,655	9,652

Of which contingent liabilities secured by assets: EUR 353 (79) million.

22 Irrevocable facilities

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

	2002	2001
Sale and repurchase transactions	-	1
Unused credit facilities	26,979	25,619
Other	172	54
Total irrevocable facilities	27,151	25,674

Securities lending account

Interest-bearing securities amounting to EUR - (28) million were received on loan.

These amounts are not included in the balance sheet.

Derivatives

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

The notional values are divided into short-term, medium-term and long-term.
(the 2001 figures are shown between brackets)

	Notional value				Positive replacement value
	Total	< 1 year	1-5 years	> 5 years	
Interest rate contracts					
- Over the counter					
Swaps	1,049,605 (1,185,354)	581,000 (712,014)	250,238 (244,845)	218,367 (228,495)	16,991 (10,453)
Forwards	181,835 (439,385)	171,523 (417,195)	10,303 (22,190)	9 (-)	126 (917)
Options	83,220 (88,195)	9,171 (19,865)	18,583 (25,926)	55,466 (42,404)	1,029 (729)
- Listed ²					
Futures	109,127 (147,865)	83,028 (111,810)	25,971 (35,972)	128 (83)	50 (16)
Foreign exchange contracts					
- Over the counter					
Swaps ³	51,170 (58,322)	12,311 (19,940)	29,320 (26,587)	9,539 (11,795)	1,582 (2,993)
Forwards	216,755 (282,209)	204,851 (270,505)	11,216 (11,112)	688 (592)	4,613 (4,654)
Options	2,935 (3,379)	2,763 (1,472)	172 (1,907)	- (-)	38 (33)
Other contracts ⁴					
Over the counter	3,597 (5,953)	692 (2,687)	2,693 (3,103)	212 (163)	128 (345)
Other contracts	1,406 (2,085)	577 (1,196)	801 (889)	28 (-)	4 (5)
Total derivatives	1,699,650 (2,212,747)	1,065,916 (1,556,684)	349,297 (372,531)	284,437 (283,532)	24,561 (20,145)

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

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

For a derivatives portfolio, the total credit risk forms a much better basis than the total notional amount of the portfolio for making a comparison with other banking activities. In the event of parties remaining in default, this credit risk is just as important as a claim, whereas the notional amount of the contract in that situation is generally of no importance. The notional amounts of the derivative contracts reflect the extent of Rabobank Group's operations in the markets concerned, but give no indication of the portfolio's exposure to credit or market risks.

The credit risk is measured by increasing the positive replacement value of the derivative contracts by a percentage of the notional amount (unweighted credit equivalent). This percentage depends on the term and the nature of the contracts. In determining the own funds for solvency requirement purposes, the credit equivalents are weighted, the weighting factor depending on who the other party is, e.g. a government body, a bank or

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

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

⁴ Other contracts: this includes share derivatives and derivatives linked to precious metals and commodities.

other party. The transaction party is usually a bank. No netting agreements or guarantees are taken into account for calculating the credit risk.

	Credit equivalent 2002		Credit equivalent 2001	
	Unweighted	Weighted	Unweighted	Weighted
Interest rate contracts	23,983	5,627	17,446	3,973
Foreign exchange contracts	10,285	2,408	11,707	2,782
Other contracts	286	79	771	291
Total	34,554	8,114	29,924	7,046

If netting agreements are taken into account, the positive replacement value of the derivatives portfolio as a whole would amount to EUR 7,150 (6,592) million, in which case the unweighted credit equivalent would be EUR 12,001 (11,336) million and the weighted credit equivalent EUR 3,136 (2,815) million.

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

	2002			2001		
	Balance sheet		Total	Balance sheet		Total
	Trading	management		Trading	management	
Interest rate contracts	1,368,932	54,855	1,423,787	1,794,151	66,648	1,860,799
Foreign exchange contracts	262,286	8,574	270,860	332,222	11,688	343,910
Other contracts	5,002	1	5,003	8,034	4	8,038
	1,636,220	63,430	1,699,650	2,134,407	78,340	2,212,747

	2002		2001	
	Unweighted credit equivalent	Weighted credit equivalent	Unweighted credit equivalent	Weighted credit equivalent
	Government	587	-	1,150
Banks	29,564	5,913	24,471	4,894
Other	4,403	2,201	4,303	2,152
	34,554	8,114	29,924	7,046

Notes to the consolidated profit and loss account

(in EUR millions)

23 Interest income

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

Interest income from bonds and other securities issued at fixed rates or rates that vary in accordance with market rates amounted to EUR 2,478 (2,613) million.

Interest income attributable to the insurance business amounted to EUR 721 (655) million.

24 Interest expense

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

Interest expense attributable to the insurance business amounted to EUR 672 (577) million.

25 Income from securities and participating interests

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

	2002	2001
Income from equity shares and other variable-yield securities	386	483
Profit of participating interests	143	34
Total income from securities and participating interests	529	517

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

26 Commission income

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

	2002	2001
Commission income can be broken down as follows:		
- Payment transactions	413	425
- Insurance broking	87	86
- Asset management	474	448
- Stockbroking	319	352
- Other	756	663
Total commission income	2,049	1,974

Of which attributable to the insurance business: EUR 280 (236) million.

27 Commission expense

This item relates to commission paid for third party services not similar in nature to interest. Of which relating to stockbroking activities: EUR 50 (61) million, and asset management: EUR 89 (46) million.

28 Results on financial transactions

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

29 Other income

This item relates to income that cannot be classified elsewhere and does not represent extraordinary income, such as technical results on the insurance business, rent from leased property and results on project development. Of which attributable to the insurance business: EUR 262 (359) million.

30 Staff costs

	2002	2001
This item consists of:		
- Wages and salaries	2,530	2,410
- Pension charges	251	127
- Social security charges	297	284
- Other	604	744
Total staff costs	3,682	3,565

Of which attributable to the insurance business: EUR 419 (372) million.

The item Pension charges also includes the costs relating to the Voluntary Early Retirement Scheme, including movements in the related provisions.

The average number of employees was 58,107 (56,609).

Of whom:

- abroad: 5,539 (5,065);
- in the insurance business: 5,632 (4,630).

Expressed in FTEs, the average number of employees was 52,020 (50,942).

31 Other administrative expenses

This item includes office supplies, IT expenses, postage, advertising, rent and maintenance of buildings, et cetera. Of which attributable to the insurance business: EUR 207 (221) million.

32 Depreciation

This item relates to the depreciation of fixed assets. Of which attributable to the insurance business: EUR 25 (16) million.

33 Value adjustments to receivables

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

34 Value adjustments to financial fixed assets

This item relates to downward value adjustments to interest-bearing securities and shares forming part of the investment portfolio and participating interests, as well any reversals thereof. Of which attributable to the insurance business: EUR 192 (-) million.

35 Taxation on operating profit

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

Of which attributable to the insurance business: EUR negative 48 (56) million.

The tax burden fell from 27.6% in 2001 to 26.1% in 2002.

	2002	2001
Standard tax rate in the Netherlands	34.5	35.0
Effect of foreign tax rates	(5.6)	(5.5)
Effect of tax-free income in the Netherlands	(2.9)	(2.4)
Other	0.1	0.5
Effective tax rate	26.1	27.6

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

36 Third-party interests

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

Analysis by business unit

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

2002	Retail banking	Wholesale banking	Asset management	Insurance	Leasing
Interest	3,767	901	84	49	449
Commission	859	321	423	280	35
Other income	79	593	79	399	41
Total income	4,705	1,815	586	728	525
Staff costs	1,621	562	250	419	177
Other administrative expenses	1,492	321	190	207	96
Depreciation	205	32	19	25	14
Total operating expenses	3,318	915	459	651	287
Operating profit	1,387	900	127	77	238
Value adjustments to receivables	165	266	-	-	68
Value adjustments to financial fixed assets	-	69	11	192	-
Operating profit before taxation	1,222	565	116	(115)	170

2001	Retail banking	Wholesale banking	Asset management	Insurance	Leasing
Interest	3,463	914	100	78	411
Commission	953	216	512	236	30
Other income	20	738	67	496	34
Total income	4,436	1,868	679	810	475
Staff costs	1,401	558	322	372	156
Other administrative expenses	1,514	364	215	221	91
Depreciation	178	61	26	16	13
Total operating expenses	3,093	983	563	609	260
Operating profit	1,343	885	116	201	215
Value adjustments to receivables	150	268	1	-	60
Value adjustments to financial fixed assets	1	17	1	-	-
Operating profit before taxation	1,192	600	114	201	155

Income by region

	2002	2001
Total income	8,564	8,434
Of which generated in:		
The Netherlands	6,487	6,380
Other euro-zone countries	704	606
Rest of Europe	36	98
North America	956	970
Latin America	114	76
Asia	114	175
Australia	156	139
Other and consolidation effects	(3)	(10)
Total	8,564	8,434

Balance sheet Rabobank Nederland

at 31 December 2002 (after profit appropriation)

(in EUR millions)	2002	2001
Assets		
Cash (37)	2,682	2,374
Short-term government paper (38)	1,706	5,245
Professional securities transactions	39,574	26,039
Other banks	68,893	68,741
Banks (39)	108,467	94,780
Public sector lending	358	425
Private sector lending	54,342	54,953
Professional securities transactions	10,268	7,995
Lending (40)	64,968	63,373
Interest-bearing securities (41)	48,232	58,137
Shares (42)	2,156	2,243
Participating interests in group companies (43)	7,572	7,573
Other participating interests (44)	59	115
Property and equipment (45)	256	270
Other assets (46)	1,877	2,386
Prepayments and accrued income (47)	5,245	6,222
Total assets	243,220	242,718

Profit and loss account Rabobank Nederland

for 2002⁵

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Prepared in accordance
with section 402 of Book 2 of
the Netherlands Civil Code.

(in EUR millions)	2002	2001
Profit of participating interests after taxation	761	834
Other income/(expense) after taxation	(318)	(460)
Net profit	443	374

Notes to the balance sheet of Rabobank Nederland⁶

(in EUR millions)

37 Cash

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

38 Short-term government paper

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

At cost: EUR 1,701 (5,241) million

At market value: EUR 1,702 (5,236) million

39 Banks

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

	2002	2001
This item includes:		
- Loans and advances to group companies	66,293	61,803
of which subordinated	86	86
- Assets transferred under sale and repurchase transactions	8,928	9,299
Amount not readily available (pledged as security)	2	-

6

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

40 Lending

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

	2002	2001
This item can be broken down as follows:		
- Public sector lending	358	425
- Private sector lending	54,342	54,953
- Professional securities transactions	10,268	7,995
Total lending	64,968	63,373
This item includes:		
- Loans and advances to group companies	27,224	25,521
- Loans and advances to other participating interests	111	124
of which subordinated	111	124
- Assets transferred under sale and repurchase transactions	12,617	2,239
- Loans and advances guaranteed by public authorities	6,223	3,603
- Other mortgages	224	414
Total home mortgages	76	88
Breakdown of private sector lending by industry sector:		
- Agricultural sector	12%	13%
- Trade, industry and the services sector	88%	87%

41 Interest-bearing securities

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

	2002	2001
Interest-bearing securities of:		
- Public authorities	26,082	36,238
- Other issuers	22,150	21,899
Total interest-bearing securities	48,232	58,137
This item can be broken down as follows:		
- Investment portfolio	18,943	25,009
- Trading portfolio	28,963	32,361
- Securitised loans	326	767
	48,232	58,137
The portfolio includes:		
- Own securities	115	97
- Securities issued by group companies	296	640
- Subordinated securities	-	5
Listed securities	44,099	47,480
Unlisted securities	4,133	10,657
Falling due next year	2,201	12,832
Given on loan	242	28
Amount not readily available (pledged as security)	851	4,933
Assets transferred under sale and repurchase transactions	3,887	10,158
Investment portfolio at cost	18,856	25,511
Trading portfolio at cost	29,047	32,362
Movements in the investment portfolio:		
Balance at 1 January	25,009	22,054
Purchases	9,777	21,506
Sales and redemptions	(14,246)	(18,932)
Currency translation differences and other movements	(1,597)	381
Balance at 31 December	18,943	25,009

42 Shares

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

	2002	2001
This item can be broken down as follows:		
- Investment portfolio	31	32
- Trading portfolio	1,814	1,903
- Client options	311	308
	<u>2,156</u>	<u>2,243</u>
Listed securities	1,104	1,110
Unlisted securities	1,052	1,133
Trading portfolio at cost	1,439	1,694
Temporary other investments included in total	12	26
Movements in the investment portfolio:		
Balance at 1 January	32	158
Purchases	12	8
Sales	(13)	(132)
Diminutions in value and reversals	-	(2)
Balance at 31 December	31	32

43 Participating interests in group companies

This item includes the direct interests in group companies.

	2002	2001
Interests in group companies, of which:		
- Credit institutions	2,136	1,696
- Other	5,436	5,877
Total participating interests in group companies	7,572	7,573
Movements in participating interests in group companies:		
Balance at 1 January	7,573	5,272
Acquisitions/capital contributions	476	2,285
Disposals	(106)	(9)
Profit for the year	718	813
Revaluation, goodwill and other movements	(1,089)	(788)
Balance at 31 December	7,572	7,573

44 Other participating interests

This item includes the interests in other participating interests.

	2002	2001
Participating interests, of which:		
- Credit institutions	6	6
- Other	53	109
Total other participating interests	59	115
These investments are not listed.		
Movements in participating interests:		
Balance at 1 January	115	111
Acquisitions	31	20
Disposals	(122)	(18)
Profit for the year	43	21
Revaluation and other movements	(8)	(19)
Balance at 31 December	59	115
Total revaluations	14	30
Total diminutions in value	36	13

45 Property and equipment

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

	2002	2001
Land and buildings in use by the Bank	226	228
Equipment	30	42
Total property and equipment	256	270

Movements in property and equipment	Land and buildings in use by the Bank	Equipment	Total
Net book value at 1 January	228	42	270
Additions	15	18	33
Disposals	-	(11)	(11)
Revaluation	2	-	2
Depreciation and diminutions in value	(17)	(16)	(33)
Exchange differences	(2)	(3)	(5)
Net book value at 31 December	226	30	256
Total revaluations	60	-	60
Total depreciation and diminutions in value	180	111	291

46 Other assets

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

Amounts receivable, other than prepayments and accrued income, included under this heading amount to EUR 1,684 (2,236) million. This item also includes a tax receivable of EUR 7 (10) million and a deferred tax asset of EUR 502 (791) million.

47 Prepayments and accrued income

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

48 Banks

This item represents amounts owed to credit institutions, other than debt securities and subordinated loans. Of which amounts due to group companies: EUR 26,348 (28,420) million and debts secured by assets: EUR 21,435 (18,617) million.

49 Funds entrusted

This item consists of funds entrusted by clients other than debt securities. This item includes funds entrusted by group companies of EUR 9,738 (10,093) million and other participating interests of EUR - (145) million and funds entrusted secured by assets of EUR 3,997 (5,613) million. Savings are all deposits and savings accounts of natural persons, non-profit-making associations and foundations, as well as non-transferable savings bonds.

50 Debt securities

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit. Of which group companies: EUR 686 (178) million.

51 Other liabilities

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

52 Accruals and deferred income

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

53 Provisions

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

	2002	2001
Provision for pensions	1,654	2,404
Provision for deferred taxation	-	30
Other provisions	445	581
Total provisions	2,099	3,015

54 Fund for general banking risks

After due allowance for tax payable, the addition for the year was EUR - (3) million.

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

55 Share capital

This item represents the issued and fully paid-up share capital. All shares are held by local member banks. There were no movements in 2002.

56 Revaluation reserve

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

	2002	2001
The revaluation reserve can be broken down as follows:		
- Swap transaction involving interest-bearing securities	111	145
- Shares	8	192
- Participating interests	27	19
- Immovable property	61	63
- Exchange differences	(126)	(148)
Total revaluation reserve	81	271
Movements in reserve:		
Balance at 1 January	271	310
Movement as a result of changes in accounting policies	-	354
Released to other reserves	(13)	(4)
Revaluations	(172)	(171)
Taken to profit and loss account	(5)	(218)
Balance at 31 December	81	271

57 Other reserves

	2002	2001
Movements in other reserves:		
Balance at 1 January	250	2,482
Movement as a result of changes in accounting policies	-	(266)
Released from revaluation reserve	13	4
Other movements	143	98
Goodwill	(630)	(521)
Profit appropriation	238	337
Balance at 31 December	14	2,134
Change in accounting policy for pensions	-	(1,799)
Net effect as a result of change in accounting policy for pensions	-	(85)
Balance at 31 December after changes in accounting policies	14	250

The reserves may not be distributed to the members.

Owing to the change in accounting policy, at 1 January 2002 EUR 1,884 million was charged to other reserves of Rabobank Nederland and simultaneously a provision for pensions of EUR 2,894 million was formed and a deferred tax asset of EUR 1,010 million was recognised.

58 Loan associated with issue of Rabobank Membership Certificates

In 2000, Rabobank Ledencertificaten N.V. (RLC), a group company of Rabobank Nederland, issued 40 million non-cumulative variable-interest shares. Of the proceeds, EUR 900 million was lent on to Rabobank Nederland in the form of a 31-year subordinated loan. In 2001, a further 60 million non-cumulative variable-interest shares

were issued. Of the proceeds, EUR 1,350 million was lent on to Rabobank Nederland in the form of a 30-year subordinated loan. In 2002, a further 17 million shares were issued by RLC II. Of the proceeds, EUR 1,487 million was lent on to Rabobank Nederland in the form of a 32-year subordinated loan.

Since the proceeds of the issue are available to Rabobank Group on a perpetual and highly subordinated basis and since in principle no dividend is paid on the Rabobank Membership Certificates if Rabobank Group incurs a loss in any financial year, the issue proceeds are recognised in part in the consolidated balance sheet of Rabobank Group as group equity (see notes to the consolidated balance sheet). The loans of EUR 3,737 (2,250) million are also recognised in the balance sheet of Rabobank Nederland as shareholders' equity on account of their being funded by means of perpetual Membership Certificates. For the same reason, interest payments are accounted for in the profit appropriation.

	2002	2001
Movements were as follows:		
Balance at 1 January	2,250	900
Issued	1,487	1,350
Balance at 31 December	3,737	2,250

59 Loan associated with issue of Trust Preferred Securities

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

Summary of remaining terms to maturity Rabobank Nederland

(the 2001 figures are shown between brackets)

	Total	Withdrawable:				
		On demand/ undated	≤3 months	>3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years
Assets						
Banks	108,467	9,191	46,649	13,486	23,819	15,322
	(94,780)	(8,383)	(36,458)	(14,463)	(21,155)	(14,321)
Lending	64,968	8,411	27,622	5,712	13,678	9,545
	(63,373)	(8,471)	(26,200)	(4,364)	(14,303)	(10,035)
Liabilities						
Banks	105,923	14,014	67,080	19,980	2,304	2,545
	(102,823)	(14,342)	(63,286)	(7,230)	(2,550)	(15,415)
Funds entrusted:						
- Savings	84	21	35	20	8	-
	(86)	(13)	(46)	(24)	(3)	(-)
- Other	64,842	9,939	41,423	1,404	8,234	3,842
	(69,530)	(10,406)	(41,125)	(5,671)	(8,421)	(3,907)
Debt securities	54,087	-	15,240	8,533	21,733	8,581
	(51,050)	(-)	(14,948)	(9,521)	(19,004)	(7,577)

Management and agency services

Management and agency services to third parties relate to all the Bank's activities.

The Bank also administers assets, in its own name but for the account and risk of third parties, which are separate from the Bank's own assets.

Foreign currency

Total assets denominated in foreign currencies amount to EUR 97,106 (110,507) million.

Total liabilities denominated in foreign currencies amount to EUR 129,179 (156,674) million.

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

Part of the forward exchange transactions relates to trading positions.

60 Contingent liabilities

This item relates to transactions in which Rabobank Nederland stands surety for the commitments of third parties.

	2002	2001
Contingent liabilities consist of:		
- Bills discounted	25	37
- Guarantees, etc.	8,639	9,063
- Irrevocable letters of credit	982	870
- Other contingent liabilities	261	303
Total contingent liabilities	9,907	10,273
Of which:		
- Contingent liabilities of group companies	4,699	3,461
- Contingent liabilities secured by assets	353	49

Securities lending account

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

Liability undertaking

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

Internal liability (Cross-guarantee system)

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

The participating entities are:

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

61 Irrevocable facilities

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

	2002	2001
Unused credit facilities	21,456	20,339
Other	66	40
Total irrevocable facilities	21,522	20,379

Of which group companies: EUR 3,742 (2,968) million.

Derivatives

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

Employees

The average number of employees was 6,891 (6,822).

Of which abroad: 2,032 (2,110).

Expressed in FTEs, the average number of employees was 6,717 (6,622).

Emoluments of members of the Supervisory Board of Rabobank Nederland

The total fixed remuneration of the members of the Supervisory Board amounted to EUR 1.5 (0.4) million. This amount is included under staff costs.

Emoluments of members of the Executive Board of Rabobank Nederland

The emoluments of the members of the Executive Board amounted to EUR 28.5 (11.1) million. This amount is included under staff costs.

Loans and advances to as well as guarantees given on behalf of members of the Executive Board of Rabobank Nederland amounted to EUR 5.2 (5.8), for members of the Supervisory Board of Rabobank Nederland these amounted to EUR 1.3 (1.5) million.

Participating interests

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

Utrecht, 6 March 2003

The Supervisory Board

L. Koopmans
 A.J.A.M. Vermeer
 S.E. Eisma
 L.J.M. Berndsen
 B. Bijvoet
 T. de Boon
 S.M. Dekker
 M. Minderhoud
 J.A.A.M. van Rossum
 H.C. Scheffer
 M.J.M. Tielen
 A.W. Veenman

The Executive Board

H. Heemskerk
 D.J.M.G. baron van Slingelandt
 J.C. ten Cate
 J.J. Verhaegen
 P.J.A. van Schijndel
 P.W. Moerland

Other information

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

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

The amount payable by each member or former member shall be in the same proportion to the shortfall as their individual balance sheet totals according to their latest adopted balance sheet to the latest adopted balance sheet totals of all liable members and former members together. If it should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining members and former members shall be jointly liable from them in the same proportion for the amount not recovered.

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

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

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

Articles of Association provisions governing profit appropriation

From the profit, a dividend may be paid, the amount of which shall be determined by the General Meeting on the proposal of the Executive Board. The profit then remaining shall, on the proposal of the Executive Board, be used by the General Meeting to improve the solvency position of Rabobank Nederland.

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

Proposed appropriation of available profit of Rabobank Nederland

(in EUR millions)	2002	2001
Net profit	443	459
Payment on Rabobank Membership Certificates	160	76
Payment on Trust Preferred Securities	46	46
Addition to other reserves	237	337

In connection with the change in accounting policy for pensions, the comparative figures in the financial statements have been restated. The proposed appropriation of profit for 2001 does not take into account the restatement of the results.

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

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

After the directors, subject to approval of the Supervisory Board, have tabled a proposal to that effect, the General Meeting may depart from the foregoing as follows. Of the amount which under the provisions of paragraph 1 of this article should be added to the general reserve, the General Meeting may disburse at most one quarter but no more than an amount equal to four per cent of the amount of the general reserve for purposes which it considers to be of local or general interest.

In no event may reserves be distributed among the members.

D. Appropriation of available profit of Rabobank Group

(in EUR millions)	2002	2001
Net profit	1,250	1,291
Payment on Rabobank Membership Certificates	160	76
Payment on Trust Preferred Securities	46	46
Addition to other reserves	1,044	1,169

In connection with the change in accounting policy for pensions, the comparative figures in the financial statements have been restated. The proposed appropriation of profit for 2001 does not take into account the restatement of the results.

E. Foreign offices

Europe**Belgium**

Antwerp
Brussels
Zaventem

Denmark

Ballerup

Germany

Frankfurt
Düsseldorf
Langenhagen

Finland

Helsinki

France

Beauvais
Paris

United Kingdom

Coventry
Edinburgh
London
Watford

Hungary

Budapest

Republic of**Ireland**

Clare
Cork
Donegal
Dublin
Galway
Kerry
Kildare
Laois
Leitrim
Limerick
Longford
Meath
Monaghan
Offaly
Roscommon
Sligo
Tipperary
Westmeath
Wexford
Wicklow

Italy

Milan

Luxembourg

Luxembourg

Austria

Salzburg

Poland

Poznan

Warsaw

Portugal

Lisbon

Russia

Moscow

Spain

Madrid

Sweden

Sundyberg

Switzerland

Geneva
Schlieren
Zürich

America**Argentina**

Buenos Aires

Brazil

Canoas

São Paulo

Canada

Oakville

Toronto

Chile

Santiago

Curaçao

Willemstad

Mexico

Mexico City

United States

Atlanta
Bakersfield
Berwyn
Blythe
Boston
Brawley
Calexico
Chicago
Coachella
Dallas
Des Moines
Dinuba
El Centro
Fresno
Greenbrae
Hanford
Hemet
Holtville
Honolulu
Imperial
Indio
Julian
La Quinta
Los Angeles
Menlo Park
New York
Orange
Palm Desert
Palm Springs
Rancho Mirage
Reedley

San Francisco

Selma

Tecate

Thousand Palms

Toledo

Visalia

Washington

White Plains

Wilmington

Australia

Adelaide

Armidale

Ayr

Brisbane

Cloncurry

Cooma

Cowra

Darwin

Dubbo

Emerald

Esperance

Forbes

Geraldton

Goondiwindi

Goulburn

Griffith

Ingham

Launceston

Longreach

Mackay

Melbourne

Moree

Mount Gambier

Orange

Perth

Rockhampton

Roma

Shepparton

Swan Hill

Sydney

Tamworth

Toowoomba

Townsville

Wagga Wagga

Warrnambool

Asia**China**

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Hong Kong
Shanghai

India

Mumbai
New Delhi

Indonesia

Jakarta

Japan

Tokyo

Singapore

Singapore

Taiwan

Taipei

Thailand

Bangkok

Turkey

Istanbul

New Zealand

Alexandra

Ashburton

Auckland

Blenheim

Christchurch

Dannevirke

Dunedin

Feilding

Gisborne

Gore

Greymouth

Hamilton

Hastings

Invercargill

Masterton

New Plymouth

Oamaru

Pukekohe

Rotorua/Taupo

Taumarunui

Te Kuiti

Te Puke

Thames

Timaru

Waipukurau

Wanganui

Wellington

Whangarei

F. Auditors' report

Introduction

We have audited the 2002 financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Amsterdam, of which the financial statements of Rabobank Group form a part, as included in this report. These financial statements are the responsibility of Rabobank Nederland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Utrecht, 6 March 2003

Ernst & Young Accountants

Colophon

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Filing

After they have been adopted, the 'Rabobank Group 2002 Financial Statements and other information' will be filed at the offices of the Trade Registry of the Chamber of Commerce and Industries under number 30.046.259.

Disclaimer

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

Annual Reports

Rabobank Group publishes the following Annual Reports:

- Annual Report 2002
(in Dutch and in English);
- 2002 Financial Statements and other information
(in Dutch and in English);
- Annual Responsibility and Sustainability Report 2002
(in Dutch and in English, to be published in June 2003)
- Interim Report 2003
(in Dutch and in English, to be published in September 2003)

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

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