

Annual Review 2003

Australia and New Zealand



Rabobank

**The world's leading
specialist in food and
agribusiness banking**

Contents

Our Vision and Values	3
Foreword	5
Profile of Rabobank	7
The International Rabobank Group	7
Rabobank Australia & New Zealand	8
Highlights of 2003	11
The Year in Review	13
The Move to One Rabobank Brand	13
Corporate Financial Services	14
Rural Financial Services	15
Adding Value for our Clients	16
Promoting Excellence in Food & Agribusiness	16
Investing for Growth	19
Board Members and Management	21
Financial Results	25
Directory	27
Colophon	28



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

2003 was a landmark year for Rabobank Australia and New Zealand. After more than a decade spent steadily growing our local businesses, 2003 was the year the bank emerged into the spotlight as a major player in the Australasian food and agribusiness market.

It was unquestionably a year of large-scale growth and development for the bank – one in which we substantially increased our business, expanded our rural branch network and undertook a number of significant initiatives.

Highlights included the move to one brand name, Rabobank, the purchase of AMP Bank's New Zealand rural loan portfolio and the prestigious assignment advising on the sale of Stanbroke Pastoral Company.

It was also a year of considerable investment in the future for the bank, as we dedicated substantial resources towards building our brand and developing our people and systems to support ongoing business growth.

That Rabobank is a success story in Australia and New Zealand is without question. And that success has resulted from a number of factors.

First and foremost, it reflects the achievements of our clients. We are proud to bank some of the most progressive and professional food and agribusiness operators and primary producers in Australasia.

Despite facing difficult challenges in recent years, including drought in Australia, their operations have grown and flourished.

This growth has provided the perfect illustration of the mutually-beneficial relationship that exists between Rabobank and our clients – a relationship that is at the heart of Rabobank's origins and continuing structure as a cooperative.

While we contribute to our clients' success – through our flexible finance products, specialised sector knowledge and expertise and long-term support through agricultural cycles – their growth, in return, provides the bank with excellent business opportunities, including increased funding requirements within the sector.

Of course, there is a lot more to the Rabobank success story. It has only been made possible by our dedicated staff, who provide such excellent service and specialist knowledge to our clients. And for this, we thank them sincerely.

The bank's stringent credit controls, corporate governance and risk management procedures have also played a major role, as has our strong engagement across the whole food and agribusiness value chain.

Another key element behind our growth has been the bank's regional expansion strategy. At a time when many other financial institutions have been closing branches in regional and rural areas, Rabobank has been doing the exact opposite – steadily increasing our branch network, particularly in rural Australia.

New branch locations have been chosen to give the bank a presence in key markets. It's a strategy that enables us to deliver personal service to our clients, develop a close understanding of local regions and be part of the communities we service.

We are also fortunate to have the backing of a very strong global parent company which is fully committed to the Australasian market.

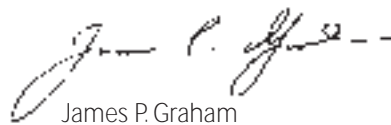
As the world's leading food and agribusiness bank, the AAA rated Rabobank is resoundingly confident about the

future of Australian and New Zealand food and agribusiness industries and agriculture.

It is also very positive about the holistic approach of the local Rabobank Australia and New Zealand operations – which provide retail and corporate financial services to the sector – and is now beginning to replicate our business model in other markets around the world, including the United States and Ireland.

We echo our global parent's confidence about the future.

Food and agribusiness is a crucial part of the Australian and New Zealand economies and, at Rabobank, we look forward to partnering the sector to grow and prosper into the future.



James P. Graham
Chairman



Bruce Dick
Chief Executive Officer



Profile of Rabobank

Rabobank Australia and New Zealand is part of the international Rabobank, 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 sector in Australia and New Zealand.

The International Rabobank Group

The Netherlands-based Rabobank ranks among the 50 largest banks in the world on total assets. 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 106-year history, Rabobank has grown to become a major global financial institution.

Rabobank now operates in 35 countries, servicing the financial needs of more than nine million clients worldwide through a network of more than 1900 offices and branches.

Headquartered in Utrecht in the Netherlands, the Rabobank Group employs approximately 58,000 people around the world.

Financial Strength

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

Financial Performance

In the year to 31 December 2003, the global Rabobank Group recorded a net profit of €1,403 million (approximately \$2,315 million), an increase of 12% on the previous year. Total income rose 8% to €9,238 million (approximately \$15,244 million).

Structure & Management

While developing into a major international financial services group, Rabobank has remained a cooperative structure, with 341 independent Dutch banks as its members.

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

Rabobank Australia & New Zealand

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

Australasian Origins

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

Size

Headquartered in Sydney, Rabobank's Australasian operations have 40 branches throughout Australia and 27 branches in New Zealand.

The bank employs 850 people in Australia and New Zealand.

Businesses

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

- rural financial services and
- corporate financial services.

Rural Financial Services

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

These include flexible, long-term rural loans, equipment finance, seasonal finance, farm management and retail deposits and risk management services.

In addition, in 2002 Rabobank established Rabo Financial Advisors (RFA), an alliance with Boyce Chartered Accountants, which is a specialist financial advisory service designed to assist the financial planning and succession planning needs of the Australian rural community.

Corporate Financial Services

Rabobank works with both large corporate clients and middle-market clients in the food, agribusiness, beverage and related manufacturing and service industries. Services provided include corporate lending, structured finance, structured trade finance, commodity finance, equipment finance, treasury funding and derivatives, mergers & acquisitions, capital markets and corporate advisory.

Customer-Focused and Knowledge-Driven: The Rabobank Approach

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

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

Customer Focus

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

Throughout Australia and New Zealand, Rabobank employs people who know and understand the agribusiness value chain – people who have a unique appreciation of the commodities, regions and 'path to market' that form the food and agribusiness industry.

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

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

Knowledge

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

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

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

This includes research on:

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

Other knowledge and educational initiatives include:

- the Rabobank Visiting Experts Program – bringing international specialists to Australia and New Zealand to share expertise with Rabobank clients and the wider industry
- the Rabobank Executive Development Program for Primary Producers – intensive courses in the application of leading-edge business management practices to agriculture, and
- the Rabobank Australasian Food & Agribusiness Advisory Board – a group of industry leaders responsible for advising Rabobank's board of directors and senior management on strategic food and agribusiness issues.

Commitment to Our Community

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

This involves a wide range of initiatives, from major and local regional sponsorships to educational activities.

The overriding aim, however, is to develop and promote excellence in farming and agribusiness.



Highlights of 2003

Move to a single Rabobank brand name

Major investment in building the Rabobank brand

Pre-tax profits up 12% to \$180 million

Second largest lender to rural Australia, with 20% of total Australian farm bank debt

Purchase of \$222 million (NZ\$249 million) New Zealand rural loan portfolio from AMP Bank

Market share lifts to 13% of New Zealand farm bank debt

Adviser to AMP on one of the year's largest M&A transactions – the sale of Stanbroke Pastoral Company

Continued rapid expansion of the rural branch network

Major transactions for clients including Goodman Fielder, Fonterra, GrainCorp and AWB

Asset growth of 22% to more than \$14 billion

Significant revenue growth in recently-established Business Banking division

Education initiatives expanded – introduction of Rabobank Executive Development Program for Primary Producers Alumni

Major investment in systems and infrastructure upgrade



The Year in Review

The Move to One Rabobank Brand – the Beginning of a New Era

After 13 years developing in the Australasian market, in March 2003, Rabobank made the move to consolidate its local operations under the one brand.

This saw the Primary Industry Bank of Australia (PIBA), which Rabobank has owned since 1994, move to the Rabobank brand name. In doing so, it brought the Rabobank Group's successful Australian rural lending business under the same banner as its growing corporate and business banking operations and its New Zealand rural lending business.

The brand consolidation marked the emergence of Rabobank as a significant force in the Australasian market – forming the platform to substantially develop Rabobank's name and profile and helping position the bank to achieve impressive growth by the year's end and beyond.

Re-branding saw a considerable investment in developing the Rabobank brand name in the local market. Activities included:

- the launch of the bank's first major brand advertising campaign in key rural, financial and agribusiness press – based on showcasing the end uses of primary production and illustrating Rabobank's involvement at all stages of the value chain
- a new brand look and feel, reflected in new branch signage, brochures, flyers, posters, banners, merchandise and other marketing communications material
- new websites with improved information architecture, increased content and new design
- the adoption of the tagline 'Greater Perspective' to help communicate Rabobank's holistic, long-term approach to the industry
- a comprehensive communications program with the bank's clients and the rural and agribusiness sector – including client functions held in most states of Australia and
- a major internal conference to launch the new brand to the bank's Australian and New Zealand staff.

The move to a single brand was well received, with research to date indicating awareness of the Rabobank name, and its reputation, had increased markedly among target markets.

Corporate Financial Services

Rabobank is one of the leading providers of financial services to large corporations and middle-market businesses in the Australasian food and agribusiness sectors.

The bank's Corporate Financial Services division encompasses the following business areas:

- Corporate Clients Group
- Business Banking
- Mergers & Acquisitions
- Treasury and Capital Markets Sales
- Treasury Funding and
- Food & Agribusiness Research.

Overall, Corporate Financial Services recorded a strong performance in 2003, with revenue growth in excess of 17% and pre-tax profit increasing by over 20 per cent.

Contributing to this result was growth in overall deal size and the expansion of the division's presence in New Zealand.

Corporate Clients Group

Rabobank's Corporate Clients Group achieved a particularly strong result in 2003.

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

Some of the major deals undertaken during the year included financings for AWB, Fonterra, GrainCorp and for Burns Philp in the successful takeover of Goodman Fielder.

Moving forward, the business outlook is sound and the Corporate Clients Group will work to further its client relationships and continue to leverage its position as the leading food and agribusiness banking specialist, with additional product offerings.

Business Banking

2003 was the year in which Business Banking – which launched in June 2001 – established a solid foundation and accelerated its business momentum.

Business Banking provides tailored financial services to middle-market clients operating 'beyond-the-farm-gate' in the food, agribusiness, beverage and related manufacturing and service sectors. Clients include processors, cooperatives, retailers, wholesalers and exporters. The product offering is focused towards debt and equipment finance, and risk protection products.

Excellent asset, revenue and profit growth were recorded in this area in 2003. Deal sizes increased and significant transactions were undertaken with clients across the spectrum of food and agribusiness.

A high level of client satisfaction saw the group achieve strong repeat business and referrals from existing clients.

Despite strong competition from domestic banks, Rabobank's Business Banking is growing into a significant player in the food and agribusiness banking market, an area of significant untapped depth and breadth.

Mergers & Acquisitions

Rabobank's Mergers & Acquisitions (M&A) group recorded an excellent 2003 performance.

The group successfully completed an advisory role on one of the year's largest and most high-profile M&A transactions in Australia, the sale of Stanbroke Pastoral Company on behalf of AMP Henderson.

Another noteworthy deal was advising Castlemaine Bacon Company, one of Australia's oldest private food companies, on its merger with KR Darling Downs.

Rabobank expects to build further on its unique position as a specialist provider of M&A services to the food and agribusiness sector, in 2004 and beyond.

Treasury and Capital Markets Sales

2003 was a challenging year for this part of the bank due to a largely flat yield curve in the first half of the year and volatility in both the Australian and New Zealand dollars.

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

- making and receiving payments in foreign currency
- loan interest rate fluctuations and
- commodity trading.

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

2003 saw this business broaden its client base and successfully expand its product offering. As the year ended, the business was seeing increased momentum and an encouraging business outlook.

Treasury Funding

With an asset book in excess of \$14 billion in Australasia, the Treasury Funding team provides liability and liquidity management, including interest rate and foreign exchange risk management, for Rabobank's operations in this region. This is undertaken in conjunction with other Rabobank centres around the world, using a variety of financial instruments.

Rural Financial Services

Rabobank's Rural Financial Services division experienced strong growth in Australia and New Zealand in 2003.

The division – which provides a range of flexible financial products and services to primary producers – recorded asset growth of approximately 34 % to \$8.4 billion during the year.

Rural Australia

In Australia, this growth reflected significant expansion by the division, along with a positive year for many of the bank's clients as, despite the ongoing effects of the Australian drought, they benefited from more favourable business conditions. These included stronger commodity prices in many sectors, strengthened equity positions and improved seasonal conditions in a number of regions, particularly Victoria, South Australia and Western Australia.

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

Strong growth in the Australian rural business saw Rabobank finish the year with approximately 20% of the total Australian farm bank debt market, making it the second largest financier in the sector.

A major milestone in 2003 was the re-branding of the division in the market from the Primary Industry Bank of Australia (PIBA) to Rabobank.

The bank continued its investment in expanding its Australian rural branch network, with a further five new branches opened through the year. These were Horsham in Victoria, Dalby in Queensland, Port Lincoln in South Australia and Bunbury and Moora in Western Australia. This brought the total number of Australian branches to 40 by the year's end.

August saw the sale of Rural Australia's alliance partner Wesfarmers Landmark to AWB. Farm services group Landmark has been an alliance partner with Rabobank since 1996. Rabobank looks forward to this arrangement continuing and developing under Landmark's new ownership.

Specialist financial advisory service Rabo Financial Advisors (RFA) began to establish its presence over the course of the year. Launched in 2002, RFA is currently operating in New South Wales, providing succession planning facilitation and other financial advisory services to rural clients.

Continued strong growth and development is expected for Rural Australia in the year ahead. Further branches are scheduled to be added to the network by the end of 2004, while the bank will also launch additional product offerings. It is expected these initiatives will increase the client base and deepen existing relationships, supporting strong asset growth.

Rural New Zealand

Rabobank continued to cement its position as one of New Zealand's leading rural lenders during the year.

The division provides customised financial products and services to leading New Zealand primary producers, predominantly in the dairy, sheep, beef, deer, cropping, horticulture and viticulture industries.

Rural New Zealand finished 2003 with 13% of the country's farm bank debt, making Rabobank one of the leading lenders in the rural market.

This growth resulted from a number of factors, including the largest increase in new clients ever seen in the division and a significant rise in customer satisfaction (as measured by the annual ACNielsen Rural Banking Monitor).

A highlight for the business in 2003 was the purchase of AMP Bank's New Zealand rural lending portfolio. The portfolio, which comprised \$NZ249 million (\$222 million) of loans to primary producers throughout the country, increased Rabobank's New Zealand loan portfolio by approximately 10 per cent. The acquisition provided an excellent fit with the bank's expanding rural lending business.

Rural New Zealand also began to establish its own independent Rabobank branches throughout the country. (The division had been co-located in the offices of a former alliance partner.)

Rural New Zealand will continue to build on the platform that has been laid, to work to become New Zealand's preferred rural and agribusiness bank.

Adding Value for our Clients through Knowledge and Research

Rabobank is committed to adding value for its clients through the provision of knowledge and research to assist in their business growth and development.

Food & Agribusiness Research

Rabobank is unique in having a Food & Agribusiness Research team of specialist analysts, dedicated to providing clients with quality research. During 2003, FAR produced Global Focus reports on industry sectors including beef, dairy, wool, wine, citrus, grains, deer, rock lobster, pulses, horticulture and water.

In addition, the FAR team produced a wide range of sector, industry and commodity papers on market trends, industry developments and innovations. These included Industry Notes on the Animal Protein Sector in Australasia, an Overview of the Australian Live Cattle & Sheep Export Industry and the Continuing Push for Free Trade.

Rabobank Visiting Experts Program

As part of its ongoing Rabobank Visiting Experts Program, the bank brought to Australia and New Zealand in 2003:

- Rabobank International dairy specialist Mark Voorbergen
- Director of Bertin, Brazil's largest beef exporting company, Evandro Miessi
- Rabobank Brazil beef expert Jose Mafra de Camargo and
- Rabobank Mexico agribusiness expert Ken Schwedel.

Promoting Excellence in Food & Agribusiness

The bank continued its involvement in an extensive range of educational initiatives and sponsorships throughout the food and agribusiness sector and community.

Rabobank Executive Development Program for Primary Producers

A number of milestones occurred in the development of the Rabobank Executive Development Program for Primary Producers (EDPPP). This highly-regarded course, which is run in conjunction with the University of Queensland, brings together innovative and progressive primary producers from a range of enterprise types to develop their commercial business skills.

Run over nine months, the EDPPP consists of two week-long residential modules covering subjects including farm business management, strategic planning, financial analysis, succession planning, marketing, value chain management and human resources.

In 2003, more than 150 primary producers from around Australia and New Zealand participated in an EDPPP course. For the first time, in response to the high number and calibre of applications received, two EDPPP programs were held.

In addition, four years after the EDPPP's commencement, the first formal Alumni Program for past participants was staged in 2003. Just over 50 graduates and their partners came together in Melbourne in August to participate in a program themed "Environment, Enterprise and Expertise".

Rabobank Rural Confidence Survey

These regular ongoing surveys, which track outlook and general sentiment in the agricultural industries in Australia and New Zealand, continued to grow in profile throughout the year.

The surveys, which began in New Zealand in 2000 and in Australia the following year, have become the key indicator of rural confidence in both countries, receiving widespread media coverage and being used by government and industry stakeholders in policy development.

Sponsorships

Rabobank believes its ability to add long-term value for clients stems in part from the bank's active participation in the local community and in the industry.

Rabobank's sponsorship of events and activities across all segments and commodities within the food and agribusiness value chain reflects the bank's strong commitment to the communities in which it operates, in particular to assist in improving expertise through knowledge.

Major sponsorships during the year included:

Australia

- **Rabobank Agribusiness Awards for Excellence** – these annual awards have become the premier event for recognising both corporate and individual achievement within Australian agribusiness, through their aim of encouraging excellence, innovation and contribution within the sector. Rabobank is both the overall sponsor of the awards and the sponsor of the leader of the year category award. The 2003 Rabobank Agribusiness Leader of the Year award was won by prominent Australian businessman Richard Pratt, chairman of Visy Industries.
- **Rabobank Agribusiness Leadership Forum** – an annual roundtable discussion, held in conjunction with the Rabobank Agribusiness Awards for Excellence, aimed at bringing together leaders from Australia's top 200 agribusiness companies to discuss a vision for, and the challenges facing, Australian agribusiness.
- **Nuffield Farming Scholarship** – each year Rabobank sponsors an educational Nuffield Farming Scholarship for one primary producer, giving the recipient the opportunity to study farming practices in the United Kingdom, Europe, the Americas and Asia. On returning to Australia, it is expected the scholar will be able to pass on the knowledge and understanding they have gained to their fellow farmers and the industry.

- **2003 Australian Dairy Conference** – an annual conference initiated by a group of leading dairy farmers and industry representatives from around Australia, with the aim of providing the dairy industry with a forum for discussion, debate and sharing of information at the leading edge of dairy innovation and development.
- **Beef Australia 2003** – conducted every three years, in 2003 this major international beef industry conference included the International Beef Industry Conference as well as an expo, domestic conference and seminar program. As part of Rabobank's Visiting Experts Program, Evandro Miessi, the Plant Director for Brazil's largest beef exporter Bertin, was a keynote speaker at Beef Australia 2003.
- **Fine Food 2003** – an international event showcasing the latest innovations in food, drink and equipment, and Australia's largest exhibition for the food and beverage industry.
- **AusWind 2003** – an annual three-day conference with international and national speakers aimed at providing an in-depth understanding of wind energy, its successes, needs, current issues and future to the industry.
- **36th Annual Australian Institute of Food Science and Technology Convention** – an annual conference with a strong technical program covering the latest developments in food science and technology.
- **MLA/SFE Cattle Futures Contract** – The Meat and Livestock Association/Sydney Futures Exchange contract helps participants in the cattle industry protect their price risk exposures.

New Zealand

- **Rabobank Romeo Bragato Conference** – New Zealand's major annual viticultural conference. As part of Rabobank's ongoing commitment to the viticulture sector, each year the bank sponsors the conference's international keynote speaker. Speaker for 2003 was Di Davidson, managing director of Australia's Davidson Viticultural Consulting.
- **Rabobank/Lincoln University Foundation Farmer of the Year** – the bank has been principal sponsor of these awards, which promote excellence and innovation in agriculture, for the past nine years. The entry category for the 2003 awards was Excellence in Land-based Business.
- **South Island Dairy Event** – a leading event in the dairy farming calendar, which focuses on all levels of dairy farming and covers key industry issues.
- **Dairy3** – the North Island's main dairy farmers' conference.
- **Produce Plus Conference** – the annual showpiece of the New Zealand horticulture industry. Rabobank is the annual sponsor of the conference's international keynote speaker. The 2003 keynote speaker was Dr Roberta Cook, extension marketing economist from the Department of Agricultural and Resource Economics at University of California.
- **Deer Farmers Conference** – the annual conference for deer farmers and industry participants.

In addition, at a state and regional level, Rabobank was involved in more than 350 sponsorships and local field days in Australia and New Zealand.

Investing for Growth

Considerable investment was made throughout the year in a number of areas of the bank to support and facilitate strong growth in 2003 and beyond.

Our People

Rabobank's strength comes from the people it employs.

As such, the bank is committed to providing excellent working conditions, terms of employment and ongoing development for its employees.

In 2003, the bank experienced substantial growth in staff numbers, moving from approximately 750 to 850 employees in Australia and New Zealand throughout the course of the year. Staff numbers have grown by approximately 75% in the past five years, with a significant number of jobs created in rural and regional areas.

In line with the strong growth and development in Rabobank's business during the year, significant investment was made in giving greater structure and depth to the bank's human resources capabilities.

Training was high on the agenda, with a number of programs undertaken, including the implementation of leadership and management skills programs and training in performance management, recruitment and selection skills.

A range of internal communications initiatives was introduced, including a quarterly staff newsletter, Perspectives, and half-yearly face-to-face updates from senior management held at Rabobank locations around Australia and New Zealand.

Our Infrastructure

Rabobank dedicated substantial investment to developing IT infrastructure to support its growing business, expanded branch network and increased staff numbers.

The bank continued the ongoing enhancements of its Customer Management System – the most recent version assisting the bank to comply with BIS II, an international banking industry initiative which will introduce a new system of grading credit.

2003 saw considerable investment in the bank's internal Management Information Systems and applications to further improve customer service processes.

The bank also completed the major proportion of work required to move its rural portfolio to a new core transaction processing application. This task, which is being completed in 2004, will enable Rabobank Australia to join New Zealand in offering transactional banking. In New Zealand, the transition to this system will support the introduction of internet banking.

In Australia, Rabobank continued to see an increase in the number of customers registering and using internet banking, which the bank introduced in that country in 2002.

As part of its growth strategy, throughout 2003 Rabobank invested in developing other central functions, including marketing, legal/compliance and strategy.



Board Members and Management

James P. Graham

Wouter Kolff

Bruce Dick

Andrew Davis

Michael Davidson

Erich Fraunschiel

Ian Langdon

David Smithers

Rik Van Slingelandt

Board Members

James P. Graham

Chairman

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

Mr Graham entered merchant banking in the early 1970s, after beginning his career as a chemical engineer. He served in a number of banking roles in Australia and internationally before being appointed founding managing director of Australian investment bank Gresham Partners Limited in 1985 – a role he continues to hold.

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

Wouter Kolff

Deputy chairman of the board, Wouter Kolff is vice chairman of Rabobank International.

Mr Kolff joined Rabobank International in 1990, after nearly 20 years with ABN Bank. He is responsible for Rabobank's activities in Asia, Australia and New Zealand, and international retail initiatives.

Bruce Dick

Chief executive officer of Rabobank Australia and New Zealand since May 2001, Bruce Dick has extensive experience in banking in Australia and New Zealand.

Mr Dick previously ran Rabobank's rural banking operations in Australia and New Zealand.

Prior to joining Rabobank, he spent 17 years with the National Bank of New Zealand in a number of senior positions, including executive director.

Andrew Davis

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

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

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

Michael Davidson

An experienced farmer and highly-respected member of the agricultural community, Michael Davidson OBE has a family farming business in Young, New South Wales.

A member of the board since 1987, he is a former president of the National Farmers' Federation.

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

Erich Fraunschiel

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

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

Ian Langdon

Ian Langdon brings strong skills in business management – coupled with extensive experience in food and agribusiness – to the Rabobank board.

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

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

David Smithers

A recent appointment to Rabobank's board, David Smithers AM was formerly chairman of professional services firm PricewaterhouseCoopers and a member of PwC global board. He was also managing partner of the firm's Corporate Finance and Recovery practice in the Asia Pacific region.

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

Rik van Slingelandt

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

He is a highly-regarded member of the European banking community and has held a number of senior banking positions in the Netherlands in more than 30 years in the industry.

Rabobank Management Committee

Chairman

Bruce Dick
Chief Executive Officer

Members

Andrew Davis
Deputy Chief Executive
Head of Corporate Financial Services

David Owen
Chief Financial Officer

Jonathan Macleod
Chief Operating Officer

Dean Clark
General Manager, Head of Business Banking

Edward Debenham
Head of Strategy

Neil Dobbin
Head of Rural Banking Australia & New Zealand

Ian Donaldson
General Manager, Finance

Phil Hislop
General Manager, Credit

Belinda Howell
General Manager, Marketing

Bryan Inch
Head of Financial Services Australia & New Zealand

Greg Kelly
General Counsel & Group Corporate Secretary

Brett Reid
Head of Human Resources

John Rollings
Treasurer

Veronica White
General Manager, Head of Corporate Clients Group

Financial Results

Rabobank Australia and New Zealand as at 31 December 2003

Statement of Financial Performance (AUD millions)

	2003 \$	2002 \$	2001 \$	2000 \$	1999 \$
Income	322.1	281.8	257.9	203.1	173.6
Operating Expenses	142.0	121.6	125.7	91.9	72.8
Net Operating Profit Before Income Tax	180.1	160.2	132.2	111.2	100.8

Statement of Financial Position (AUD billions)

	2003 \$	2002 \$	2001 \$	2000 \$	1999 \$
Total Assets	14.7	12.1	11.8	10.3	7.2
Total Liabilities	14.0	11.5	11.3	9.8	6.8
Shareholder Equity	0.7	0.6	0.5	0.5	0.4
Total Liabilities & Shareholder Equity	14.7	12.1	11.8	10.3	7.2



Directory

Local and International Rabobank Offices

Australia

New South Wales

Armidale
Dubbo
Forbes
Goulburn
Griffith
Moree
Orange
Sydney
Tamworth
Wagga Wagga

Victoria

Horsham
Melbourne
Shepparton
Swan Hill
Warrnambool

South Australia

Adelaide
Mount Gambier
Port Lincoln

Western Australia

Albany
Bunbury
Esperance
Geraldton
Merredin
Moora
Perth

Northern Territory

Darwin

Tasmania

Launceston

Queensland

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

New Zealand

North Island

Auckland
Dannevirke
Feilding
Gisborne
Hamilton
Hastings
Masterton
New Plymouth
Pukekohe
Rotorua
Taumarunui
Te Kuiti
Te Puke
Thames
Waipukurau
Wanganui
Wellington
Whangarei

South Island

Alexandra
Ashburton
Blenheim
Christchurch
Dunedin
Gore
Invercargill
Oamaru
Timaru

Argentina

Buenos Aires

Belgium

Antwerp
Brussels
Zaventem

Brazil

Canoas
Sao Paulo

Canada

Oakville
Toronto

Channel Islands

Guernsey

Chile

Santiago de Chile

China

Beijing
Hong Kong
Shanghai

Curaçao

Willemstad

Denmark

Ballerup

Finland

Helsinki

France

Paris

Germany

Düsseldorf
Frankfurt

Hungary

Budapest

India

Mumbai
New Delhi

Indonesia

Jakarta

Ireland

Dublin

Italy

Milan

Japan

Tokyo

Luxembourg

Luxembourg

Mexico

Mexico City

The Netherlands

Amsterdam
Utrecht

Poland

Poznan
Warsaw

Portugal

Lisbon

Russia

Moscow

Singapore

Singapore

Spain

Madrid

Sweden

Sundyberg

Switzerland

Geneva
Schlieren
Zurich

Taiwan

Taipei

Thailand

Bangkok

Turkey

Istanbul

United Kingdom

Edinburgh
London
Watford

United States

Atlanta
Chicago
Dallas
Des Moines
New York
San Francisco
Toledo
Washington DC
Wayne

Colophon

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Annual Reports

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

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

These reports are available on the internet:
www.rabobank.com.au or www.rabobank.co.nz

For further copies of this Annual Review please contact

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