



Rabobank



Interim Report 2003
Rabobank Group

Key figures

	30-06-03	31-12-02	30-06-02	31-12-01	30-06-01
Volume of services (in EUR millions)					
Total assets	402,367	374,720	377,149	363,679	377,816
Private sector lending	221,688	212,323	202,105	197,262	190,685
Funds entrusted	180,878	171,632	166,326	172,174	165,452
Assets managed ¹⁾	175,100	168,000	170,900	194,400	195,200
Premium income, insurance (half-year figures)	2,357	1,770	1,890	1,714	2,212
Financial position and solvency (in EUR millions)					
Reserves	15,469	14,911	13,245	13,030 ²⁾	13,269
Tier I capital	17,755	17,071	15,344	15,092 ²⁾	15,185
Tier I + Tier II capital	18,076	17,414	15,739	15,542 ²⁾	15,557
Total risk-adjusted capital	174,977	165,843	152,700	152,812	151,852
Solvency requirement	13,998	13,268	12,216	12,225	12,148
Tier 1 ratio	10.2	10.3	10.0	9.9 ²⁾	10.0
BIS ratio	10.3	10.5	10.3	10.2 ²⁾	10.2
Profit and loss account (in EUR millions)					
	First half 2003	Second half 2002	First half 2002	Second half 2001	First half 2001
- Interest	2,952	2,649	2,742	2,580	2,502
- Commission and other income	1,541	1,553	1,620	1,735	1,617
Total income	4,493	4,202	4,362	4,315	4,119
Operating expenses	2,920	2,940	2,899	3,075	2,890
Value adjustments to receivables	275	237	263	280	200
Value adjustments to financial fixed assets	69	225	27	65	(6)
Operating profit before taxation	1,229	800	1,173	895	1,035
Tax on operating profit	356	154	360	258	274
Third-party interests	125	91	118	102	90
Net profit	748	555	695	535	671
Efficiency ratio	65.0%	70.0%	66.5%	71.3%	70.2%
Other data					
	30-06-03	31-12-02	30-06-02	31-12-01	30-06-01
Local Rabobanks	341	349	361	369	386
Offices:					
- branches	1,445	1,516	1,513	1,648	1,674
- agencies	384	402	413	455	492
Cash dispensing machines	3,010	2,979	2,943	2,889	2,781
Foreign offices	194	193	137	137	140
Employees:					
- total number	57,548	58,096	58,259	58,120	57,017
- full-time equivalents	51,238	51,867	52,186	52,173	51,343
Members (x 1,000)	1,241	1,108	947	825	700

General: due to consolidation effects, the figures relating to Group entities will not always correspond to Rabobank Group totals. Changes in terms of percentages can vary as a result of rounding.

1)
Owing to a change in definition, the figure for assets managed does not correspond to amounts published earlier.

2)
The effect of the change in accounting policy for pensions as of 1 January 2002 is included in the computation of reserves and of the Tier I and BIS ratios as at 31 December 2001.

Review of operations

Rabobank Group achieved a nice result for the first half of 2003. Despite difficult market conditions, net profit rose by 8% to EUR 748 million.

Report by the Chairman of the Executive Board

Satisfactory

'Rabobank Group achieved a nice result for the first half of 2003, something we can be extremely satisfied with. We realised an increase in income under difficult market conditions. We also kept costs under control, which creates confidence for the future in which we will continue a tight control of costs.'

Outlook for 2003

'In the current uncertain economic conditions, it is difficult to make a firm statement about the expected profit for the whole of 2003. Nevertheless we expect a clear increase in operating profit. Given current stock market levels, and barring unforeseen circumstances, we also expect a clear growth in net profit.'

Banking

Lending

Private sector lending grew by 4% during the first six months of the year to EUR 222 billion, exceeding the increase of 2% for the first half of 2002. The increased lending was largely to the private sector. Private clients borrowed 7% more during the first half of the year, compared with 5% in the first half of 2002. Lending to the agricultural sector increased fractionally by 1%. Lending to the trade, industry and service sector grew by 3%.

Funds entrusted

Funds entrusted were up 5% in the first half of the year to EUR 181 billion, of which EUR 69 billion was in the form of savings. Savings grew relatively strongly by 4%, partly because of low consumer confidence and the weak stock market climate.

Mortgage market

Rabobank Group remains the clear market leader for private mortgage lending. The market share at 30 June 2003 was 25%, with local banks accounting for 21% and Obvion for 4%.

Retail banking

Retail banking's result improved in the first half of the year. We held costs steady, partly thanks to the efficiency programmes implemented earlier, which resulted in further staff reductions. The number of

FTEs fell by 1,027 in the first half year to 30,643. Income climbed by 4%, which is excellent given the adverse market conditions.

Travel sales are no longer considered part of Rabobank Group's core business. It was announced at the beginning of July 2003 that a large number of the travel agencies would be sold to Globe Reisburogroep.

Wholesale banking

Wholesale banking, comprising Rabobank International (including foreign retail banks), Group Treasury and Corporate Clients, achieved a limited increase in profit.

To finance ordinary activities, Group Treasury issued a significant amount in new debt securities in the first half of the year. Bonds and notes increased in amount by EUR 5 billion to EUR 39 billion, and certificates of deposits by EUR 10 billion to EUR 34 billion.

Rabobank Group received acclaim in the news as Het Financieele Dagblad and Vallstein's choice for Bank of the Year 2003. Receipt of the title was thanks to the high standard of banking services provided to the bank's large corporate clients. It confirms the success of the intensive collaboration between the sector and regional teams of Corporate Clients and the local Rabobanks.

Acquisition of FGH Bank announced

The intended acquisition of FGH Bank was announced in July 2003. FGH, a subsidiary of the German HypoVereinsbank, specialises in commercial real estate financing. Its activities fit in well with those of the local banks, Rabo Vastgoed and De Lage Landen Vastgoedfinanciering.

Investing

Orders

The number of securities and option orders processed by local banks increased in the first half of 2003 by 4% to 877 (844) thousand. By contrast, the number of orders processed for investments in the banks own funds dropped by 20%. The shift from advice orders to orders placed through direct channels continued unabated in 2003. The orders processed over the internet reached 48% compared with 40% in 2002. The number of orders through advisers at local banks fell to 34 (40)% and through Rabo Orderlijn to 18 (19)%. Alex, which focuses on the active internet investor, processed 38% more transactions in the first half year. The total number of Alex transactions was 1 million, with 47% related to options.

Assets managed

The volume of assets managed by Rabobank Group rose 4% during

the past half year to EUR 175 (168) billion. This includes assets that Interpolis manages for third-party pension funds. Total assets managed breaks down as EUR 123 (117) billion from clients and EUR 52 (51) billion from the Group's investment portfolio.

Fewer investment funds

Robeco announced it would be terminating a large number of its investment funds with the objective of making its fund offering more transparent and reducing its expenses.

Staff cuts at Robeco and Effectenbank Stroeve

In response to the disappointing results from asset management activities, Robeco and Effectenbank Stroeve have decided to reduce their staff by some 10% in 2003. This will definitely entail some compulsory redundancies.

Alex acquisition completed

The acquisition of the internet broker Alex announced in 2002 was completed in March 2003, making Rabobank the market leader for online banking. This also assists the bank's ambition to become the market leader for retail investing. It is expected that Alex will start contributing to profit before the end of the year.

Insurance

Premium income up 25%

In the first half of the year, Interpolis realised premium income of EUR 2,357 (1,890) million. This represents an increase of 25% on the same period of 2002. The increase is mainly due to the successful activities concerning single premium contracts and immediate annuities. The life insurance premium income rose 31% to EUR 1,637 (1,246) million. Non-life business also performed well in terms of premium income. The growing number of All-in-One Policies and Business Compact Policies and the higher average number of categories insured raised non-life premium income by 12% to EUR 720 (644) million.

Income from services up 17%

Income from pensions, industrial health and safety, and return-to-work services increased by 17% to EUR 136 (116) million.

Leasing

De Lage Landen's services grew by only 4% in the first half of the year. The weaker US dollar meant that the lending portfolio was only able to grow by EUR 0.5 billion to EUR 11.5 billion. At 30 June 2003, 25% of services originated from the Netherlands, 30% from

the rest of Europe and 45% from other countries, mainly in North America and South America.

Client services

Rabobank Group expanded its services further in the first half year, for example by launching Generatiehypotheek, a mortgage product to help first-time buyers, assisted by their parents, to realise their dreams of home ownership. We also began streamlining our securities services to tailor them more clearly to the individual needs of our 650,000 private investor clients. For clients who invest actively, the service has been expanded with the internet broker Alex. In addition, we initiated a special pilot project to test a speaking Chipknip (electronic purse) loading point for the blind and visually impaired.

The average take-up of retail banking services by adults increased slightly during the first six months of the year from 2.48 to 2.51. For corporate clients, too, the average take-up increased, in their case from 3.05 to 3.06. The take-up by members of local Rabobanks is significantly higher, being 3.60 at the end of June 2003.

At 30 June 2003, 1,241,000 clients were members of a local Rabobank, which exceeds the target of 1.2 million by year-end 2003.

Staff developments

The number of FTEs at Rabobank Group shrank by 629 in the first half year to 51,238. For the subsidiaries and foreign activities of Rabobank Nederland, acquisitions led to an increase in FTEs.

Financial services performance

		Amount	Change
Banking			
Private sector lending	EUR	222 billion	+ 4% ¹⁾
Funds entrusted	EUR	181 billion	+ 5% ¹⁾
Investing			
Assets managed ³⁾	EUR	175 billion	+ 4% ¹⁾
Securities and option orders through local banks		877,000	+ 4% ²⁾
Insurance			
Premium income	EUR	2,357 million	+ 25% ²⁾
- Life	EUR	1,637 million	+ 31% ²⁾
- Non-life	EUR	720 million	+ 12% ²⁾
Service income	EUR	136 million	+ 17% ²⁾
Leasing			
Lending portfolio	EUR	11.5 billion	+ 4% ¹⁾

1) As a percentage of figure at year-end 2002

2) As a percentage of figure for the first half of 2002

3) Owing to a change in definition, the figure for assets managed does not correspond to the amounts published earlier.

For retail banking and the domestic activities of Rabobank Nederland, the number of FTEs decreased through efficiency improvements. The growing role played by virtual channels in providing services of all types also contributed to this fall.

Following the national trend, absenteeism due to sickness fell by 0.7% to 4.4% compared with the same period of 2002. This decrease is mainly the result of actively applying the provisions of the Eligibility for Permanent Invalidation Benefit (Restrictions) Act (Wet verbetering poortwachter).

The negotiations on the Rabobank collective labour agreement concluded in June 2003 resulted in an agreement that employees would pay contributions for their pensions. This applies to employees commencing employment as from 1 January 2004. Existing employees have been granted a transition period of 10 years, meaning that they will start paying pension contributions as from 2014.

Financial performance

Income up 3%

Rabobank Group's income in the first half of the year was up 3% at EUR 4,493 (4,362) million. The increase is almost entirely due to higher net interest income, which rose by 8% to EUR 2,952 (2,742) million.

Operating expenses up 1%

Operating expenses increased by 1% to EUR 2,920 (2,899) million. Staff costs fell by 2%. Other administrative expenses were up 7%.

Operating profit up 7%

Operating profit climbed by 7% to EUR 1,573 (1,463) million. Apart from Other activities, all the business units recorded an increase in profit. Retail banking's profit grew by 16%. The profits on asset management activities and insurance increased by 57% and 20% respectively. Wholesale banking achieved limited growth in profit of 4%. The profit on leasing was up 16%.

Efficiency ratio

The efficiency ratio improved from 66.5% to 65.0%. This ratio expresses the relationship between operating expenses and total income.

Net profit up 8%

Net profit for the first half of 2003 was EUR 748 (695) million, which represents an increase of 8% on the same period of 2002.

Financial objectives

Rabobank Group aims at realising customer value, with financial stability and employee value as preconditions. To ensure this financial stability, Rabobank Group has formulated three long-term and three short-term financial objectives. For the long term, they are net profit growth of 12%, a return on equity of 10% and a Tier I ratio of 10.

Owing to the weak economic conditions, the short-term objectives are currently different. These are net profit growth of 8%, a return on equity of 8% and a Tier I ratio of 10. Rabobank Group met all three short-term objectives for the first half of 2003: the return on equity was 10%, net profit growth was 8% and the Tier 1 ratio was 10.2.

Financial performance

	Amount	Change
Income	EUR 4,493 million	+ 3% ²⁾
Operating expenses	EUR 2,920 million	+ 1% ²⁾
Efficiency ratio	65.0%	
Net profit	EUR 748 million	+ 8% ²⁾
Total assets	EUR 402 billion	+ 7% ¹⁾
BIS ratio	10.3	
Tier 1 ratio	10.2	

1) As a percentage of figure at year-end 2002

2) As a percentage of figure for the first half of 2002

Notes to the balance sheet

Rabobank Group's consolidated balance sheet total grew by EUR 28 billion in the first half of 2003 to EUR 402 billion, an increase of 7%. At 30 June 2003, the Tier I ratio was 10.2 and the BIS ratio 10.3.

Private sector lending increased by 4% during the first six months of the year to EUR 222 billion. Apart from the increase in lending, a significant contributor to the balance sheet growth was the increase in interest-bearing securities. The expansion in these activities was largely financed by an increase in debt securities of EUR 15 billion.

Assets

Lending

Rabobank Group's loan portfolio increased by 5% in the first six months of 2003 to EUR 237.2 (225.3) billion. The portfolio consists of:

- public sector lending;
- professional securities transactions;
- private sector lending.

Lending to the public sector increased to EUR 2.0 (0.8) billion.

Professional securities transactions climbed to EUR 13.5 (12.1) billion.

Private sector lending

In the first half of 2003, lending to the private sector rose by 4% to EUR 221.7 (212.3) billion. The growth percentage was under pressure from a weaker US dollar.

The private sector comprises private individuals, the agricultural sector and the trade, industry and services sector. Of the total amount lent, 50% is to private individuals, 35% to the trade, industry and services sector, and 15% to the agricultural sector.

Trade, industry and services

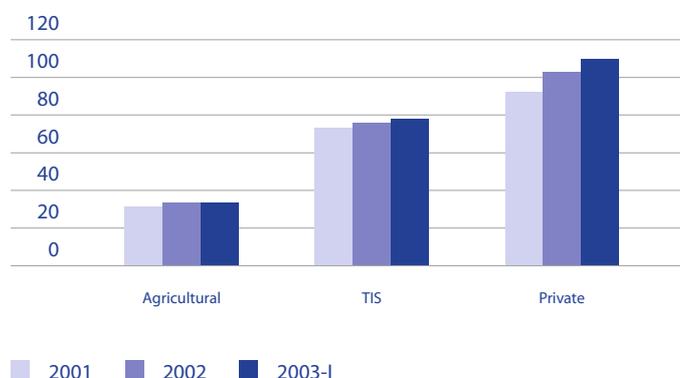
At the end of June, the amount lent to corporate clients in the trade and industry and the services sector (TIS) stood at EUR 78.1 (75.8) billion, representing an increase of 3% compared with year-end 2002. Lending by local banks was up 3%. For wholesale banking, lending was unchanged on balance. For the other business units, including leasing, lending grew by 11%.

Agricultural sector

Lending to the private sector was virtually unchanged from year-end 2002. Total lending amounted to EUR 33.7 (33.4) billion.

Lending by sector

(in EUR billion)



Private individuals

The strongest growth in private sector lending was in the form of loans to private individuals. At 30 June 2003, their net borrowing stood at EUR 109.9 billion. This was EUR 6.9 billion up on year-end 2002, a rise of 7%. Of the total, EUR 106.2 (99.8) billion relates to mortgage loans.

Banks

The item banks represents funds lent to credit institutions. Compared with year-end 2002, this item fell by EUR 2.8 billion to EUR 44.5 billion, a drop of 6%. Of the total amount, EUR 30.2 (40.1) billion concerns professional securities transactions.

Other assets

At 30 June 2003, Rabobank Group had interest-bearing securities totalling EUR 82.8 (71.3) billion on its balance sheet. EUR 13.6 (11.1) billion was invested in shares and EUR 2.6 (1.8) billion in short-term government paper.

Liabilities

Funds entrusted

Funds entrusted, comprising savings, professional securities transactions and other funds entrusted, increased by 5% in the first half year to EUR 180.9 (171.6) billion. Professional securities transactions increased to EUR 10.5 (6.0) billion. Other funds entrusted rose to EUR 101.3 (99.3) billion.

Savings

Savings rose EUR 2.8 billion in the first half year to EUR 69.1 billion, an increase of 4%. The size of this increase was due to reduced consumer confidence combined with a persistently unfavourable stock market climate. Clients prefer security these days, and are accordingly placing their surplus funds in a savings account.

Other liabilities

The item banks was down 1% at EUR 84.9 (85.9) billion. Once again, funds were raised on the capital market. As a result, the item debt securities grew by 24% to EUR 76.5 (61.7) billion. Provisions increased slightly by EUR 0.6 billion in the first six months to EUR 18.9 billion. Of this amount, EUR 16.1 (15.4) billion concerns technical reserves relating to the insurance business of Interpolis.

Increase in Group equity

Rabobank Group's reserves increased by EUR 0.6 billion to EUR 15.5 (14.9) billion. Group equity rose by EUR 0.8 billion, totalling EUR 22.0 billion at 30 June 2003. In addition to the bank's reserves, this item consists of subordinated loans, the fund for general banking risks and third-party interests.

Off-balance-sheet activities

Off-balance-sheet activities concern, inter alia, guarantees, irrevocable facilities and derivatives. Guarantees issued totalled EUR 7.4 (7.7) billion and irrevocable facilities EUR 28.6 (27.2) billion. The notional amounts of the derivatives outstanding totalled EUR 1,912 (1,700) billion, which corresponds to a net weighted lending amount of EUR 3.2 (3.1) billion.

Tier I ratio: 10.2

The Tier I ratio and the BIS ratio are the most commonly used ratios in the financial world to measure solvency. The Tier I ratio expresses the relationship between the core capital and the total risk-adjusted assets. At 30 June 2003, the Tier I ratio stood at 10.2 (10.3), exceeding the long-term target of 10.0. The minimum requirement set by the external supervisors is 4.0. The high solvency ratio is one of the reasons for Rabobank Group's triple A rating from the rating agencies Moody's and Standard & Poor's.

Total risk-adjusted items increased by EUR 9.1 billion to EUR 175.0 billion, largely the result of the rise in lending. The Tier I capital increased by EUR 0.7 billion to EUR 17.8 billion.

BIS-ratio: 10.3

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital by the total of risk-adjusted assets. The BIS ratio was 10.3 (10.5), which comfortably exceeds the minimum requirement of 8.0 set by the external supervisors.

Notes to the profit and loss account

Operating result grew 7% in first half 2003 to EUR 1,573 million. The strict expense policy has been continued successfully in 2003.

Income

Total income in the first half of 2003 was up EUR 131 million to EUR 4,493 million, a rise of 3%.

Net interest income up 8%

Net interest income increased by EUR 210 million in the first six months of 2003 to EUR 2,952 million. This 8% increase is the result of growth in lending and savings. Moreover, because of the low capital market interest rate, private individuals repaid many mortgage loans early, which produced additional revenue.

Commission down 5%

In the first half of 2003, commission was down 5% to EUR 869 million. Commission income from securities and asset management was under pressure owing to the ongoing depression in the stock markets. This was offset to an extent by an increase in commission income from funds transfers and services.

Other income

Results on financial transactions stabilised at EUR 69 (70) million.

Income from securities and participating interests decreased EUR 130 million in the first half year to EUR 228 million. The 2002 figures include non-recurring income of EUR 87 million from the sale of International Private Banking activities. Other income was up EUR 98 million to EUR 375 million. Other revenue includes the underwriting results of Interpolis.

Expenses

Operating expenses rose 1% in the first half year to EUR 2,920 (2,899) million, an increase of EUR 21 million.

Staff costs down 2%

Staff costs fell during the reporting period by 2% to EUR 1,822 (1,859) million. The pay increases under the Collective Labour Agreements were more than offset by a decrease in the size of the workforce and the smaller number of external staff hired in. The Rabobank Group's workforce was 51,238 FTEs at 30 June 2003.

Other administrative expenses up 7%

Other administrative expenses rose by 7% to EUR 921 (857) million. Depreciation decreased by EUR 6 million (-3%) to EUR 177 million.

Operating result up 7%

The operating result was EUR 1,573 (1,463) million, 7% up on the first half of 2002.

Operating result by Group unit

Retail banking

Retail banking had an excellent first half year. The operating result increased by EUR 104 million to EUR 749 million, a rise of 16%. Income grew by 4% to EUR 2,384 (2,282) million, while operating expenses at EUR 1,635 (1,637) million were virtually unchanged from last year. The higher income was almost entirely due to higher net interest income. This increased by 8% thanks to the growth in loans and savings, and to the additional income from mortgage refinancing. Despite a greater number of securities orders, commission fell by 8%. This was partly the result of clients increasingly placing orders via less expensive channels, such as the internet. Owing to a drop in the number of FTEs, operating expenses were unchanged from the previous year. The number of FTEs shrank by 1,027 in the first half year to 30,643.

Wholesale banking

Wholesale banking achieved an operating profit of EUR 555 (532) million, an increase of 4%. Income increased by 2% to EUR 994 (975) million, whereas operating expenses decreased by 1% to EUR 439 (443) million. Rabobank International and Corporate Clients performed well during the first half of the year, with the profit from Corporate Finance and Capital Markets being particularly pleasing. Group Treasury's operating result was down compared with the same period last year, the fall being partly attributable to a cautious risk policy. In addition, the flat interest curve and the marked rise in the euro both had an adverse impact on the result.

Asset management

The profit from asset management activities grew by 57% to EUR 84 (54) million. Investment conditions remained poor in the first half of 2003. The poor results for the first half 2002 were improved on substantially, thanks in particular to

non-recurring profits on co-investing and the profit on financial transactions. Cost savings were also achieved.

Insurance

The operating result of Interpolis was up 20% to EUR 101 (84) million. The increase is largely attributable to the improved operating result on non-life insurance business.

Leasing

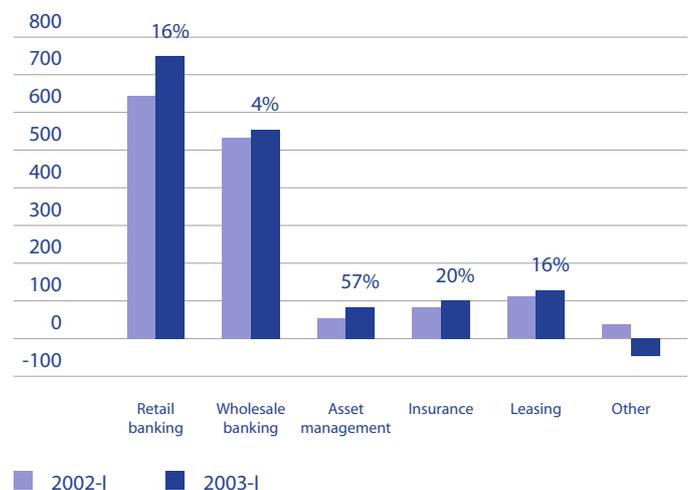
De Lage Landen increased its operating profit by 16% to EUR 129 (111) million.

Other units

The combined result of the Group units included under Other fell by EUR 82 million to produce a loss of EUR 45 million. The difference can be fully explained by the gain on the sale of International Private Banking activities in 2002.

Operating result by Group unit

(in EUR million)



Value adjustments to receivables

This item is used to account for loan losses. These rose in the first half of 2003 by EUR 12 million to EUR 275 million. Given the economic conditions and the size of the loan portfolio, both the increase in this item and its size are relatively small.

Value adjustments to financial fixed assets

Value adjustments to financial fixed assets were EUR 69 (27) million. This was due to unrealised price losses on the Interpolis share portfolio and downward value adjustments to temporary other investments. At the end of June, the revaluation reserve amounted to EUR 237 million.

Net profit up 8%

The tax burden was 29%. Third-party interests increased by EUR 7 million to EUR 125 million. Net profit was up EUR 53 million to EUR 748 million, a rise of 8%.

Consolidated balance sheet

(in EUR millions)	30-06-2003	31-12-2002	30-06-2002
Assets			
Cash	6,371	3,807	3,140
Short-term government paper	2,619	1,813	6,109
Professional securities transactions	30,201	40,053	44,969
Other banks	14,263	7,176	8,555
Banks	44,464	47,229	53,524
Public sector lending	2,015	797	4,912
Private sector lending	221,688	212,323	202,105
Professional securities transactions	13,460	12,132	10,095
Lending	237,163	225,252	217,112
Interest-bearing securities	82,831	71,320	70,868
Shares	13,642	11,062	13,452
Participating interests	199	184	207
Property and equipment	3,900	3,870	3,862
Other assets	4,996	4,519	4,145
Prepayments and accrued income	6,182	5,664	4,730
Total assets	402,367	374,720	377,149
Group equity and liabilities			
Professional securities transactions	20,002	21,808	26,300
Other banks	64,889	64,078	57,491
Banks	84,891	85,886	83,791
Savings	69,104	66,272	64,934
Professional securities transactions	10,487	6,031	7,580
Other funds entrusted	101,287	99,329	93,812
Funds entrusted	180,878	171,632	166,326
Debt securities	76,484	61,739	67,835
Other liabilities	11,826	7,699	16,091
Accruals and deferred income	7,391	8,218	6,123
Provisions	18,923	18,338	18,460
	380,393	353,512	358,626
Fund for general banking risks	1,679	1,679	1,679
Subordinated loans	109	111	112
Reserves	15,469	14,911	13,245
Third-party interests	4,717	4,507	3,487
Group equity	21,974	21,208	18,523
Total Group equity and liabilities	402,367	374,720	377,149
Contingent liabilities	7,373	7,655	8,238
Irrevocable facilities	28,577	27,151	26,652

These interim figures are unaudited.

Consolidated profit and loss account

(in EUR millions)	1st half-year 2003	2nd half-year 2002	1st half-year 2002
Income			
Interest	2,952	2,649	2,742
Income from securities and participating interests	228	171	358
Commission	869	880	915
Results on financial transactions	69	215	70
Other income	375	287	277
Total income	4,493	4,202	4,362
Expenses			
Staff costs	1,822	1,823	1,859
Other administrative expenses	921	932	857
Staff costs and other administrative expenses	2,743	2,755	2,716
Depreciation	177	185	183
Operating expenses	2,920	2,940	2,899
Value adjustments to receivables	275	237	263
Value adjustments to financial fixed assets	69	225	27
Total expenses	3,264	3,402	3,189
Operating profit before taxation	1,229	800	1,173
Tax on operating profit	356	154	360
Operating profit/Group profit after taxation	873	646	813
Third-party interests	125	91	118
Net profit	748	555	695

These interim figures are unaudited.

Cash flow statement

(for the first half year)

(in EUR millions)	1st half-year 2003	1st half-year 2002
Cash flow from operating activities		
Operating profit/Group profit after taxation	873	813
Adjustments for:		
- depreciation	177	183
- value adjustments to receivables	275	263
- value adjustments to financial fixed assets	69	27
- movements in technical reserves relating to the insurance business	643	466
- movements in other provisions	(58)	(342)
- movements in accrued and deferred items	(1,345)	3,573
	(239)	4,170
Cash flow from business operations	634	4,983
Movements in short-term government paper	(806)	(798)
Movements in securities trading portfolio	(12,813)	1,845
Movements in securitised loans	379	(30)
Movements in banks	1,732	(10,459)
Movements in lending	(12,186)	(8,761)
Movements in funds entrusted	9,246	(5,848)
Other movements from operating activities	2,703	1,655
	(11,745)	(22,396)
Net cash flow from operating activities	(11,111)	(17,413)
Cash flow from investing activities		
Investing activities concerning:		
- investment portfolio	(716)	6,943
- participating interests	(51)	62
- tangible fixed assets	(207)	(264)
Net cash flow from investing activities	(974)	6,741
Cash flow from financing activities		
Movements in subordinated loans	(2)	60
Movements in debt securities	14,745	9,321
Payment on Rabobank Membership Certificates and Trust Preferred Securities	(133)	(95)
Net cash flow from financing activities	14,610	9,286
Net cash flow	2,525	(1,386)

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

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

These interim figures are unaudited.

Accounting policies

The accounting policies are the same as those applied to the financial statements.

Some prior-year figures have been reclassified where necessary for comparative purposes.

Movements in reserves were as follows:

(in EUR millions)	1st half-year 2003	2nd half-year 2002	1st half-year 2002
Balance at 1 January	14,911	13,245	13,030
Issue of Rabobank Membership Certificates	-	1,575	-
Profit for the first half year	748	555	695
Revaluation	33	(136)	(17)
Goodwill	(107)	(325)	(310)
Payment on Rabobank Membership Certificates/ Trust Preferred Securities	(133)	(111)	(95)
Other movements	17	108	(58)
Balance at 30 June	15,469	14,911	13,245

Analysis by business unit:

(in EUR millions)	Retail banking	Wholesale banking	Asset management	Insurance	Leasing
2003-I					
Total income	2,384	994	310	447	271
Total operating expenses	1,635	439	226	346	142
Operating profit	749	555	84	101	129
2002-I					
Total income	2,282	975	281	399	251
Total operating expenses	1,637	443	227	315	140
Operating profit	645	532	54	84	111

These interim figures are unaudited.

Profile of the Rabobank Group

The Rabobank Group is the largest financial service provider in the Dutch market. It comprises 341 independent local co-operative Rabobanks in the Netherlands, the central Rabobank Nederland organisation and a large number of specialised subsidiaries. The Group has been awarded the highest possible credit rating. The Group's core target is to generate customer value.

The local Rabobanks and their clients form the Rabobank Group's co-operative core business. The banks are members and shareholders of the supra-local co-operative organisation, Rabobank Nederland, which advises the banks and supports their local services. Rabobank Nederland also supervises the collective of local banks on behalf of the Dutch Central Bank (DNB). Rabobank Nederland further acts as an (international) wholesale bank and as bankers' bank to the Group and is the holding company of a large number of subsidiaries.

The Rabobank Group's ambition is to provide its nine million clients, both private and corporate, with all possible financial products and services. To this end, it has a large number of specialised businesses engaged in asset management (Robeco), insurance (Interpolis), leasing (De Lage Landen), private banking (Schretlen & Co), stockbroking (Effectenbank Stroeve), equity participations (Gilde) and corporate and investment banking (Corporate Clients, Rabobank International and its subsidiary Rabo Securities). These subsidiaries provide financial advice and products to the local Rabobanks and their clients, and also serve their own clients directly, in the Netherlands and elsewhere.

Competence centres

The Rabobank Group is a network of competence centres working closely together. This networked expertise allows the Group to respond actively to the growing demand from business and private

clients for an integrated package of financial products and services. The Group thus combines the best of two worlds: the local involvement and personal service of the local Rabobanks and the expertise and scale benefits of a large organisation.

Strong market position

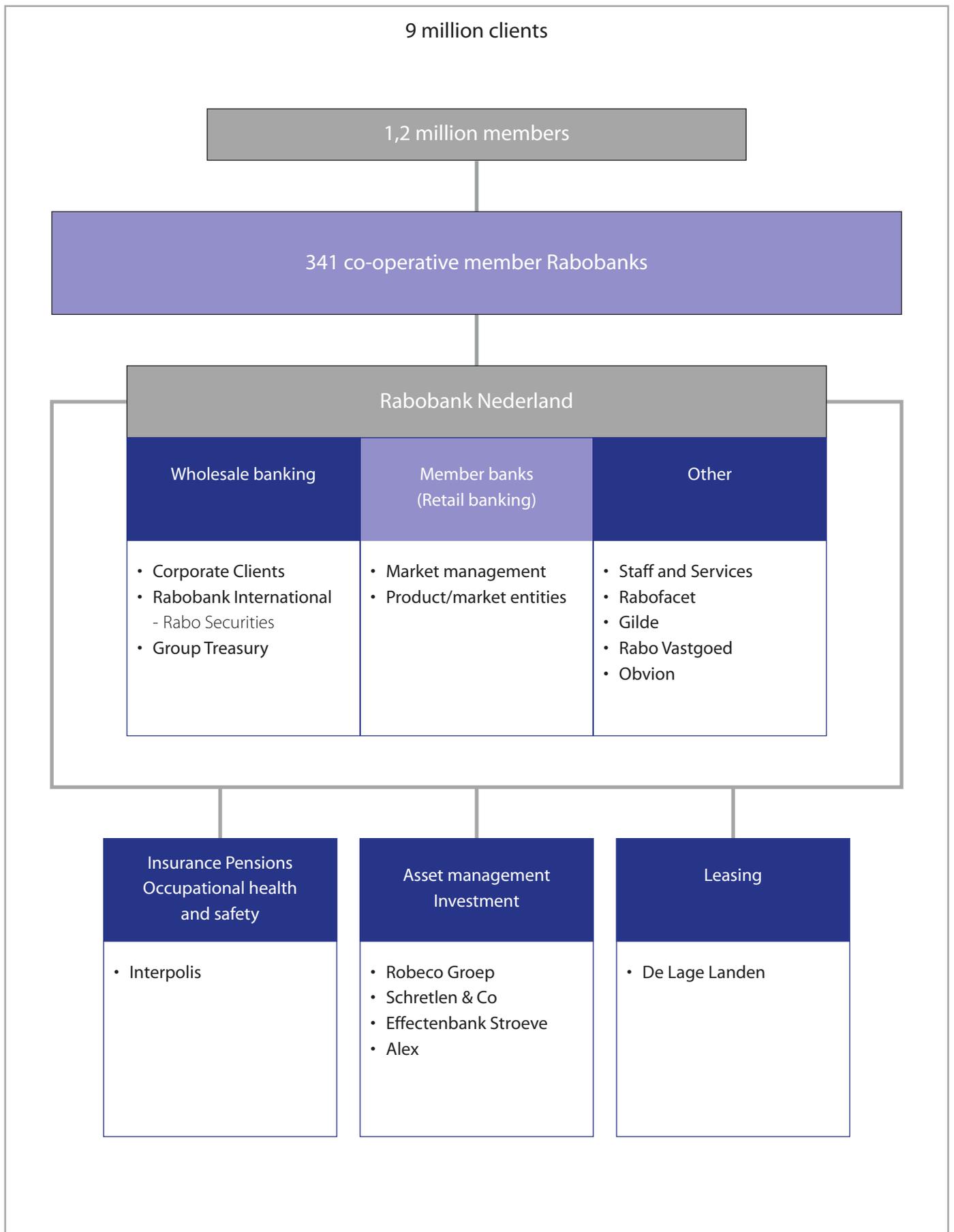
The Rabobank Group serves more than half of the Dutch population and Dutch businesses. In the Dutch market, therefore, Rabobank is the market leader in virtually all financial services: mortgage loans (25%), private savings (38%), small and medium-sized enterprises (39%) and the agricultural sector (83%). Its share of the corporate market has been strengthened considerably.

Triple A

The Rabobank Group has the highest credit rating (Triple A) awarded by the well-known international rating agencies Moody's and Standard & Poor's.

International network

To serve its clients in the international market, the Rabobank Group has 194 branches in 34 countries outside the Netherlands.



Colophon

Published by

Rabobank Nederland
Communications

Art direction and design

Borghouts Design, Haarlem

Photographs

Frank Tielemans, Eindhoven

Production co-ordination

GPR CommunicatieManagement, Eindhoven

Prepress

PlantijnCasparie, Eindhoven

Printers

PlantijnCasparie, Eindhoven

Materials used

This report was printed using environmentally friendly materials. Mineral oil-free Reflecta ECO ink was used on 250 gram and 135 gram PhoeniXmotion Xantur paper.

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 (summary)
(in Dutch and in English)
- Interim Report 2003
(in Dutch and in English)

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

Croeselaan 18, 3521 CB Utrecht

P.O. Box 17100, 3500 HG Utrecht

Telephone +31 (0)30 - 216 27 58

Fax +31 (0)30 - 216 19 16

E-mail rabocomm@rn.rabobank.nl



All Annual Reports are also available on the Internet: www.rabobankgroep.nl/reports or www.rabobank.com

