RABOBANK GROUP ACQUIRES FARM CREDIT SERVICES OF AMERICA

The Rabobank Group and Farm Credit Services of America (FCSAmerica), headquartered in Omaha (Nebraska), have reached an agreement concerning the acquisition of this U.S. co-operative agricultural credit institution. The acquisition will require an investment 600 million dollars. Rabobank International, the Rabobank Group’s international business bank that focuses primarily on the global food & agri sector, and FCSAmerica announced the transaction today. Once the acquisition has been finalised, FCSAmerica will continue its operations in the market under the Rabobank label.

FCSAmerica has a balance sheet total of approximately USD 8 billion, more than 59,000 customers/stockholders and 900 employees. It is the largest provider of credit and insurance products to farmers and ranchers, the agricultural processing industry and rural residents in Iowa, Nebraska, South Dakota and Wyoming. In addition to its headquarters in Omaha, the farm credit bank has 43 retail offices within the above four states. The acquisition is not expected to lead to a reduction in the number of employees or to office closures. The senior management of FCSAmerica is also expected to stay on following the acquisition.

FCSAmerica is a part of the US Farm Credit System, a nationwide agricultural network that provides credit and affiliated services to the agricultural sector across the United States. In connection with the acquisition by Rabobank International, FCSAmerica will withdraw from the Farm Credit System. The transaction is subject to the approval of the external supervisory bodies and a number of additional conditions. One condition is that the Farm Credit Administration, which supervises the Farm Credit System on behalf of the U.S. government, and the stockholders of FCSAmerica must approve the withdrawal from the Farm Credit System.

“Rapidly moving towards creating dominant position in the in the U.S. Food and Agri markets”

Rik van Slingelandt, the member of the Executive Board of the Rabobank Group responsible for international operations and chairman of the Managing Board of Rabobank International, explains the benefits of the acquisition of FCSAmerica:

“This acquisition fits in perfectly with Rabobank International's strategy that has been given the name 'country banking' in recent years. This strategy is based on providing retail banking for the agricultural sector, the SME sector and individuals in non-urban areas of high-potential countries that have a strong agricultural sector. We are gradually building up a strong position in this area by making selective acquisitions of smaller banks. We are now rapidly moving towards creating a major position in the F&A market for the Rabobank Group in the United States,” says Van Slingelandt.

The acquisition of Valley Independent Bank (VIB) in 2002 provided Rabobank International with a retail network in southern and central California, the most important agricultural state in the U.S.

In 2003 Rabobank International went on to gain an agricultural mortgage lender with a nationwide distribution network through the acquisition of Lend Lease Agribusiness (Rabo Agrifinance).
Through the subsequent acquisition of Ag Services of America (Rabo Ag Services) the bank gained a crop input lender that also has an extremely extensive network. And with the proposed acquisition of FCSAmerica, Rabobank International will immediately gain a leading position as an agricultural financial services provider in the U.S. Midwest, which is also a key agricultural area.

Over the past two decades Rabobank International has also succeeded in developing a strong position as a wholesale bank for companies in food and agribusiness. The wholesale activities are conducted from branch offices in New York, Atlanta, Chicago, Dallas and San Francisco. Thanks to the combination of wholesale offices and an extensive retail network resulting from the series of acquisitions, Rabobank International has now emerged as one of the leading financial players in the U.S. food and agri-sectors.

FCSAmerica: “Enthusiastic regarding the opportunities with Rabobank”
“We are extremely enthusiastic regarding the opportunities provided by the transaction with Rabobank,” says Paul Folkerts, Chairman of FCSAmerica. “We are confident that in the medium term it will enable us to be in a better position to meet our customers’ changing needs. They will be given a greater choice of financial services and products in order to help ensure the success of their operations.”

Jack Webster, CEO of FCSAmerica, agrees: “Our customers demand a financial services provider that has in-depth knowledge of the agricultural sector. But they also want a bank that ventures with them into new areas and that provides innovative and competitive products that support their sustained growth.”

“Perfect strategic fit”
Cor Broekhuyse, Regional Head of the Americas for Rabobank, is convinced that Rabobank International and FCSAmerica are a perfect strategic fit.
“The acquisition will enable us to considerably expand our product range in the field of agricultural financial services in the U.S. We will gain access to the wealth of know-how concerning credit risks that FCSA has gained through a century of experience in the field of agricultural credit management. In turn FCSAmerica will be able to enlarge their existing range of products and services and expand their activities outside the existing geographical confines by tapping into Rabobank’s vast expertise and resources,” says Broekhuyse.

Note to the editors:
Mr Rik van Slingelandt will be available for a Conference Call on Sunday afternoon 5 pm. If you would like to participate please contact Roel van Veggel.

Roel van Veggel, Rabobank Group Press Office
+ 31 30 216 87 66 / + 31 6 51 56 47 91, r.b.veggel@rn.rabobank.nl

Rabobank Nederland
Communications Directorate, P.O. Box 17100, 3500 HG Utrecht, tel. (030) 216 39 04, fax. (030) 216 19 16, pressoffice@rn.rabobank.nl