



Rabobank

Coöperatieve Rabobank U.A. Hong Kong Branch

FINANCIAL DISCLOSURE STATEMENT

Half-year ended 30 June 2018

* The Branch prepares this financial disclosure statement for the half-year ended 30 June 2018 (the Statement) in accordance with the Banking (Disclosure) Rules (Cap. 155 sub-legislation M)

* The Statement is displayed in the banking hall of the Coöperatieve Rabobank U.A. Hong Kong Branch at the following address:

32/F, Three Pacific Place, 1 Queen's Road East, Hong Kong

* A copy of the Statement is readily accessible by the general public the internet website below:

<https://www.rabobank.com/en/locate-us/asia-pacific/hong-kong-downloads.html>

* A copy of the Statement has been lodged with the public register of Hong Kong Monetary Authority

Section A - Branch Information (Hong Kong office)

<i>I. Profit and loss information</i>	Half-year ended	Half-year ended
	June 30, 2018	June 30, 2017
	HKD '000	HKD '000
<i>Interest Income</i>	1,705,747	1,208,460
<i>Interest expense</i>	(1,331,231)	(886,412)
<i>Net interest income</i>	374,516	322,048
<i>Gains less losses arising from trading in foreign currencies</i>	19,124	47,594
<i>Gains less losses on securities held for trading purposes</i>	-	-
<i>Gains less losses from other trading activities</i>	7,995	32,590
<i>Net fees and commission income</i>	127,271	175,923
<i>Others</i>	-	-
<i>Other operating income</i>	154,390	256,120
<i>Total income</i>	528,906	578,168
<i>- Staff expenses</i>	(139,109)	(148,657)
<i>- Rental expenses</i>	(22,365)	(21,912)
<i>- Other expenses</i>		
<i>- Head office administration costs</i>	(39,072)	(33,136)
<i>- others</i>	(84,615)	(82,571)
<i>- Net charge for other provisions</i>	(3,176)	-
<i>Total Operating expenses</i>	(288,337)	(286,276)
<i>Operating profit before provisions</i>	240,569	291,892
<i>Impairment (losses and provisions)/releases for impaired loans and receivables</i>	(89,002)	(153,812)
<i>Gains less losses from disposal of property, plant and equipment and investment properties</i>	-	-
<i>Profit before taxation</i>	151,567	138,080
<i>Taxation expense or tax income</i>	(25,521)	(22,412)
<i>Profit after taxation</i>	126,046	115,668

Section A - Branch Information (Hong Kong office)

<i>II. Balance Sheet Data</i>	June 30, 2018	December 31, 2017
	HKD '000	HKD '000
Assets		
i) <i>Cash and balances with banks (except those included in amount due from Overseas Offices of the institution)</i>	46,912	45,962
ii) <i>Amount due from Exchange Fund</i>	30,422	226,936
iii) <i>Placements with banks maturing between one and twelve months (except those included in amount due from Overseas Offices of the institution)</i>	-	-
iv) <i>Amount due from overseas offices of the institution</i>	33,484,956	18,704,885
v) <i>Trade bills</i>	18,599,744	17,086,168
vi) <i>Certificates of deposit held</i>	-	-
vii) <i>Securities held for trading purposes</i>	-	-
viii) <i>Advances and other accounts</i>	55,045,044	52,098,028
ix) <i>Available-for-sale investment securities</i>	3,710,636	4,740,726
x) <i>Property, plant, equipment and investment properties</i>	9,304	8,690
xi) <i>Total assets</i>	<u>110,927,018</u>	<u>92,911,395</u>
Liabilities		
i) <i>Deposits and balances from banks</i>	7,470,815	10,217,900
ii) <i>Current, fixed, savings and other deposits from customers</i>		
<i>Demand deposits and current accounts</i>	91,394	81,867
<i>Saving accounts</i>	3,001,377	2,609,122
<i>Time, call and notice deposits</i>	13,670,302	2,323,085
iii) <i>Amount due to overseas offices of the institution</i>	78,368,625	72,553,140
iv) <i>Certificates of deposit issued</i>	4,786,731	2,494,410
v) <i>Issued debt securities</i>	-	-
vi) <i>Other Liabilities</i>	3,537,774	2,631,871
vii) <i>Total liabilities</i>	<u>110,927,018</u>	<u>92,911,395</u>

Section A - Branch Information (Hong Kong office)

	June 30, 2018 HKD '000	December 31, 2017 HKD '000
III. Additional Balance Sheet Information		
i) Advances and other accounts		
- Loans & Advances to customers	28,113,993	27,096,582
Provision for impaired loans		
* Collective	(19,073)	(39,817)
* Specific	(1,205,097)	(1,138,749)
	<u>26,889,823</u>	<u>25,918,016</u>
- Amount receivable under reverse repos	26,689,750	25,373,635
- Accrued interest and other accounts	1,575,991	806,377
Provision for impaired accrued interest and other accounts		
* Collective	(6,697)	-
* Specific	(89,611)	-
Provision for Due from Bank		
* Collective	(14,212)	-
	<u>55,045,044</u>	<u>52,098,028</u>
ii) Impaired advances		
Gross impaired advances to customers which are individually determined to be impaired	1,756,344	2,648,740
Individually assessed impairment allowances	(1,205,097)	(1,138,749)
	<u>551,247</u>	<u>1,509,991</u>
The value of collateral which had been taken into account in respect of such impaired advances to customers to which the individual impairment allowances relate	461,677	436,095
Country of the impaired advances to customers which are individually determined to be impaired		
- China	74,200	73,894
- Hong Kong	876,389	1,781,677
- Indonesia	144,073	143,478
- India	661,682	649,691
	<u>1,756,344</u>	<u>2,648,740</u>
Gross impaired advances to customers which are individually determined to be impaired as a % of gross advances to customers	6.25%	9.78%

Hong Kong Branch does not have any impaired loans to banks as of 30 Jun 2018 & 31 Dec 2017.

iii) Overdue advances	HKD '000	% of total advances to customers	Gross advances to customers which have been overdue for	
			HKD '000	% of total advances to customers
6 months or less but over 3 months	91,925	0.33	-	-
1 year or less but over 6 months	-	-	13,073	0.05
Over 1 year	1,083,388	3.85	2,036,173	7.51
	<u>1,175,313</u>	<u>4.18</u>	<u>2,049,246</u>	<u>7.56</u>
Gross advances to trade bills which have been overdue for		% of total advances to trade bills	HKD '000	% of total advances to trade bills
1 year or less but over 6 months		-	5,035	0.03
Specific provision against overdue advances to customers			624,542	
Country of the overdue advances to customers				
- China			73,894	
- Hong Kong			1,182,183	
- Indonesia			143,478	
- India			649,691	
			<u>2,049,246</u>	

Value of Collateral Held against overdue loan and advances

As at June 30, 2018

(in millions HKD)

Current market value of collateral held against the covered portion of overdue loan and advances	461
Covered portion of overdue Loans and advance	461
Uncovered portion of overdue Loans and advance	714

As at Dec 31, 2017

(in millions HKD)

Current market value of collateral held against the covered portion of overdue loan and advances	436
Covered portion of overdue Loans and advance	436
Uncovered portion of overdue Loans and advance	1,613

Hong Kong Branch does not have any overdue loans to banks as of 30 Jun 2018 & 31 Dec 2017.

Section A - Branch Information (Hong Kong office)

iv) *Analysis of gross amount of advances to customers classified into the following industry categories:*

Loans for use in Hong Kong	June 30, 2018	% of advances covered by collateral or other securities	December 31, 2017	% of advances covered by collateral or other securities
	HKD '000		HKD '000	
Industrial, commercial and financial :				
- Manufacturing	299,101	-	299,100	-
Trade finance	12,425,398	-	7,597,626	-
Loans for use outside Hong Kong	15,389,494	17	19,199,856	15
	<u>28,113,993</u>		<u>27,096,582</u>	

*Exposures to a country exceeding 10% of the aggregate gross amount of advances to customers:*Country of domicile

Hong Kong	15,418,880	10,880,783
China	5,649,248	7,062,388

*The basis of the classification including the fact that transfer of risk has been taken account of.*v) *Reposessed and Rescheduled Assets*

Hong Kong Branch does not have any reposessed assets as of 30 Jun 2018 & 31 Dec 2017 .

Hong Kong Branch does not have any rescheduled advances to customers, banks and of other assets as of 30 Jun 2018 & 31 Dec 2017 .

Section A - Branch Information (Hong Kong office)

vi) <i>International claims</i>				Non-bank private sector			(in millions HKD)
As at Jun 30, 2018		Banks	Official sector	Non-bank financial Institutions	Non-financial private sector	Others	Total
Developed countries		43,748	-	17,281	1,063	-	62,092
of which	- United Kingdom	540	-	11,415	369	-	12,324
	- France	6,211	-	5,273	176	-	11,660
	- Netherlands	34,220	-	593	77	-	34,890
Offshore centres		1,560	-	-	14,795	-	16,355
of which	- Hong Kong	55	-	-	14,280	-	14,335
Developing Asia Pacific		14,929	-	-	13,104	-	28,033
of which	- China	14,839	-	-	8,056	-	22,895

As at Dec 31, 2017		Banks	Official sector	Non-bank private sector		Others	(in millions HKD)
				Non-bank financial Institutions	Non-financial private sector		Total
Developed countries		32,468	630	12,909	2,125	-	48,132
of which	- United Kingdom	794	-	11,884	462	-	13,140
	- France	6,635	-	1,025	188	-	7,848
	- Netherlands	19,654	-	-	6	-	19,660
Offshore centres		1,572	-	-	10,185	-	11,757
of which	- Hong Kong	529	-	-	9,635	-	10,164
Developing Asia Pacific		12,402	-	-	15,854	-	28,256
of which	- China	12,230	-	-	10,928	-	23,158

The basis of the classification including the fact that transfer of risk has been taken into account.

Claims on individual countries or area, after risk transfer, amounting to 10% or more of the aggregate International claims are reported.

vii) *Foreign currency exposures*

The following is a summary of the major foreign currency exposures arising from trading and non-trading positions in accordance with the definition set out in the "Return of Foreign Currency Position - MA{BS}6". The Bank has no foreign currency structural positions.

As at Jun 30, 2018		(in millions HKD)		
		EUR	USD	Total
Spot assets		4,972	91,607	96,579
Spot liabilities		(4,996)	(97,174)	(102,170)
Forward purchase		11,974	24,718	36,692
Forward sales		(11,974)	(19,108)	(31,082)
Net option position		-	-	-
Net long (short) position		(24)	43	19

As at Dec 31, 2017		(in millions HKD)		
		EUR	USD	Total
Spot assets		3,411	75,922	79,333
Spot liabilities		(3,399)	(81,104)	(84,503)
Forward purchase		1,062	8,612	9,674
Forward sales		(1,062)	(3,431)	(4,493)
Net option position		-	-	-
Net long (short) position		12	(1)	11

Foreign exchange exposures are reported if an individual currency constituting 10% or more (in absolute terms) of the total net position in all foreign currencies.

All options positions, if any, were hedged with Head office in Utrecht. Therefore, there was no net options position for the reporting periods. The delta-weighted position of all options contracts was for that reason reported as zero.

Section A - Branch Information (Hong Kong office)

viii) Mainland Activities

Non-bank Mainland China exposures are identified in accordance with the definitions set out in the "Return of Mainland Activities" issued by the HKMA. Exposures in the Mainland China to non-bank counterparties are summarized as follows:

As at Jun 30, 2018	On-balance sheet exposures (in millions HKD)	Off-balance sheet exposures (in millions HKD)	Total exposures (in millions HKD)
1. Central government, central government-owned entities and their subsidiaries and JVs	15,074	11,306	26,380
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,292	3,193	4,485
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,566	4,455	8,021
4. Other entities of central government not reported in item 1 above	836	171	1,007
5. Other entities of local governments not reported in item 2 above	-	354	354
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,997	724	4,721
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	24,765	20,203	44,968
Total assets after provision	110,927		
On-balance sheet exposures as percentage of total assets	22.33%		

As at Dec 31, 2017	On-balance sheet exposures (in millions HKD)	Off-balance sheet exposures (in millions HKD)	Total exposures (in millions HKD)
1. Central government, central government-owned entities and their subsidiaries and JVs	13,988	9,588	23,576
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,793	3,778	5,571
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,770	3,548	6,318
4. Other entities of central government not reported in item 1 above	672	135	807
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,278	1,004	5,282
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	23,501	18,053	41,554
Total assets after provision	92,911		
On-balance sheet exposures as percentage of total assets	25.29%		

Section A - Branch Information (Hong Kong office)

	June 30, 2018 HKD '000	December 31, 2017 HKD '000
IV. Off-balance sheet exposures		
(i) Contingent liabilities and commitments		
<u>Contractual or notional amounts</u>		
Direct credit substitutes	3,082,735	2,211,211
Transaction-related contingencies	56,685	1,352,371
Trade-related contingencies	20,835,067	16,527,295
Other commitments	39,091,143	43,927,465
Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward forward deposits placed, asset sales with recourse or other transactions with recourse)	5,805,117	36,596
(ii) Derivatives		
<u>Notional amounts</u>		
- Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	39,624,460	11,317,933
- Interest rate derivatives contracts (not including forward forward deposit taken)	20,659,140	12,854,438
Aggregate fair values of:	June 30, 2018 HKD '000	December 31, 2017 HKD '000
- Exchange rate contracts (exclude forward foreign Exchange contracts arising from swap deposit arrangements)	609,950	53,861
- Interest rate derivatives contracts (not including forward forward deposit taken)	75,837	51,632

The fair value represents the cost of replacing contracts with positive market value and none of these contracts are subject to any bilateral netting arrangement

V. Liquidity Information

	2018		2017	
	Q2	Q1	Q2	Q1
The average Liquidity Maintenance Ratio (LMR)	45.85%	43.65%		49.30%
LMR disclosed in 2018 are 3-month average of the first two quarters while that in 2017 was 6-month average for the interim period.				
	2018		2017	
	Q2	Q1	Q2	Q1
The average Core Funding Ratio (CFR)	132.75%	126.08%	N/A	N/A

CFR disclosed in 2018 are 3-month average of the first two quarters while no calculation was required for the same periods in 2017.

As from 2018, section 103B and 103C in Part 8 of the Banking Disclosure Rules requires quarterly disclosure of LMR and CFR, respectively. CFR is a new statutory requirement since 1 January 2018 according to the Banking (Liquidity) Rules.

Section B - Bank Information (consolidated basis)**I. Capital and capital adequacy**

	June 30, 2018 (in millions EUR)	December 31, 2017 (in millions EUR)
Total Equity	40,514	39,610
Tier 1 ratio	18.8%	18.8%
Total capital ratio	26.1%	26.2%

Rabobank calculates the regulatory capital for credit risk for virtually its entire loan portfolio based on the advanced Internal Rating Based (IRB) approach approved by the prudential supervisor. In consultation with the supervisor, Rabobank applies the Standardised Approach to portfolios with relatively limited exposure and to some smaller portfolios outside the Netherlands that are unsuitable for the advanced IRB approach. Operational risk is measured using an internal model (approved by supervisor) that is based on the Advanced Measurement Approach. For its market risk exposure, Rabobank has obtained permission from the supervisor to calculate the general and specific position risk using its own internal Value at Risk (VaR) models, based on the Capital Requirements Regulation.

II. Other financial information

The consolidated financial positions of the Group are as follow:

	June 30, 2018 (in millions EUR)	December 31, 2017 (in millions EUR)
Total assets	607,845	602,991
Total liabilities	567,331	563,381
Loans to customers	439,349	432,564
Due to customers	346,617	340,682

	June 30, 2018 (in millions EUR)	June 30, 2017 (in millions EUR)
Pre-tax profit	2,171	1,992

Coöperatieve Rabobank U.A. Hong Kong Branch
Financial Disclosure Statement as at 30 Jun 2018

The table below analyses the Branch's on and off balance sheet assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date with the resulted liquidity gap

(i) On balance sheet assets and liabilities by remaining maturity as of 30 Jun 2018

	1 month or less HKD'000	Over 1 month to 3 months HKD'000	Over 3 months to 1 year HKD'000	Over 1 year to 5 years HKD'000	Over 5 years HKD'000	Undated or overdue HKD'000	Total HKD'000
Assets							
<i>Cash and balances with banks (except those included in item (iv))</i>	46,912	-	-	-	-	-	46,912
Amount due from Exchange Fund	30,422	-	-	-	-	-	30,422
<i>Placements with banks maturing between one and twelve months (except those included in item (iv))</i>	-	-	-	-	-	-	-
<i>Amount due from overseas offices of the institution</i>	10,618,101	9,171,939	13,697,916	97,000	-	-	33,484,956
<i>Trade bills</i>	10,406,994	6,814,777	1,378,973	-	-	-	18,599,744
<i>Securities held for dealing purposes</i>	-	-	-	-	-	-	-
<i>Advances and other accounts</i>	24,469,737	16,837,111	799,434	10,663,650	461,134	1,813,978	55,045,044
<i>Available-for-sale securities</i>	414,716	831,424	1,077,069	1,387,427	-	-	3,710,636
<i>Property, plant, equipment and investment properties</i>	-	-	-	-	-	9,304	9,304
Total assets	70,355,619	60,492,362	17,752,826	22,811,727	922,268	3,637,260	110,927,018
Liabilities							
<i>Deposits and balances from banks</i>	5,116,685	2,354,130	-	-	-	-	7,470,815
<i>Current, fixed, savings and other deposits from customers</i>	4,129,690	1,171,866	11,364,517	97,000	-	-	16,763,073
<i>Amount due to overseas offices of the institution</i>	34,510,417	26,423,586	5,308,793	10,756,023	1,369,806	-	78,368,625
<i>Certificates of deposit issued</i>	-	2,432,601	2,354,130	-	-	-	4,786,731
<i>Issued debt securities</i>	-	-	-	-	-	-	-
<i>Other accounts</i>	85,195	57,378	1,892,032	19,290	4,701	1,479,178	3,537,774
Total liabilities	48,066,872	33,668,805	34,176,021	10,988,603	1,379,208	2,958,356	110,927,018
Net liquidity gap	22,298,747	16,823,557	(16,423,195)	11,823,124	(456,940)	678,904	-

On balance sheet assets and liabilities by remaining maturity as of 31 Dec 2017

	1 month or less HKD'000	Over 1 month to 3 months HKD'000	Over 3 months to 1 year HKD'000	Over 1 year to 5 years HKD'000	Over 5 years HKD'000	Undated or overdue HKD'000	Total HKD'000
Assets							
<i>Cash and balances with banks (except those included in item (iv))</i>	45,962	-	-	-	-	-	45,962
Amount due from Exchange Fund	226,936	-	-	-	-	-	226,936
<i>Placements with banks maturing between one and twelve months (except those included in item (iv))</i>	-	-	-	-	-	-	-
<i>Amount due from overseas offices of the institution</i>	9,613,240	8,328,537	40,932	97,000	625,176	-	18,704,885
<i>Trade bills</i>	5,699,203	5,045,486	6,336,446	-	-	5,033	17,086,168
<i>Securities held for dealing purposes</i>	-	-	-	-	-	-	-
<i>Advances and other accounts</i>	14,986,090	18,801,095	6,159,773	8,819,305	269,394	3,062,371	52,098,028
<i>Available-for-sale securities</i>	416,873	1,457,318	1,246,501	1,620,034	-	-	4,740,726
<i>Property, plant, equipment and investment properties</i>	-	-	-	-	-	8,690	8,690
Total assets	30,988,304	33,632,436	13,783,652	10,536,339	894,570	3,076,094	92,911,395
Liabilities							
<i>Deposits and balances from banks</i>	8,167,225	1,953,675	-	97,000	-	-	10,217,900
<i>Current, fixed, savings and other deposits from customers</i>	4,804,826	167,311	41,937	-	-	-	5,014,074
<i>Amount due to overseas offices of the institution</i>	25,799,154	25,571,270	11,784,417	8,953,784	444,516	-	72,553,141
<i>Certificates of deposit issued</i>	-	2,344,410	150,000	-	-	-	2,494,410
<i>Issued debt securities</i>	-	-	-	-	-	-	-
<i>Other accounts</i>	76,087	55,936	1,790,119	47,164	2,603	659,961	2,631,870
Total liabilities	38,847,292	30,092,602	13,766,473	9,097,948	447,119	659,961	92,911,395
Net liquidity gap	(7,858,988)	3,539,834	17,179	1,438,391	447,451	2,416,133	-

Coöperatieve Rabobank U.A. Hong Kong Branch

Financial Disclosure Statement as at 30 Jun 2018

Off balance sheet by remaining maturity as of 30 Jun 2018

	No later than 1 year HKD'000	Over 1 year to 5 years HKD'000	Over 5 years HKD'000	Total HKD'000
<i>Guarantees, acceptances and other financial facilities</i>	23,466,419	508,068	-	23,974,487
<i>Loan commitments</i>	3,975,343	419,891	-	4,395,234
<i>forward forward deposits placed</i>	5,805,117	-	-	5,805,117
Total	33,246,879	927,959	-	34,174,838

Off balance sheet by remaining maturity as of 31 Dec 2017

	No later than 1 year HKD'000	Over 1 year to 5 years HKD'000	Over 5 years HKD'000	Total HKD'000
<i>Guarantees, acceptances and other financial facilities</i>	19,213,017	877,860	-	20,090,877
<i>Loan commitments</i>	5,727,685	5,626	-	5,733,311
<i>forward forward deposits placed</i>	36,596	-	-	36,596
Total	24,977,298	883,486	-	25,860,784