

**ABN AMRO Bank N.V. Hong Kong Branch
2017 Interim Financial Disclosure Statements**

In compliance with the disclosure standards set out in the "Banking (Disclosure) Rules" issued by Hong Kong Monetary Authority ("HKMA"), the following key financial information has been provided. The information is also available at the branch of the Bank and the Public Registry of HKMA.

The International Financial Reporting Standards and Group Accounting Policy were applied to the Disclosure Statement. The information in the Disclosure Statement is not audited and does not constitute statutory accounts.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

Profit and loss information (HKD'000)	For the	
	six months ended	
	30-Jun-17	30-Jun-16
Interest income	414,386	334,374
Interest expenses	250,650	204,835
Net interest income	<u>163,736</u>	<u>129,539</u>
Other operating income		
– Gains less losses arising from foreign exchange operations	3,364	24,815
– Gains less losses from other dealing activities	85	341
– Income/(losses) from investment held for trading purposes	13,574	(1,680)
– Net fees and commission income	38,616	29,879
– <i>fees and commission income</i>	45,852	35,730
– <i>fees and commission expenses</i>	7,236	5,851
– Others	74,915	72,360
	<u>130,554</u>	<u>125,715</u>
Operating income	294,290	255,254
Operating expenses	168,937	176,740
of which		
– <i>staff expenses</i>	94,960	91,396
– <i>rental expenses</i>	24,466	27,160
– <i>other expenses</i>	49,511	58,184
Net charge/(credit) for loan impairment	8,778	(4,933)
Gains less losses from disposal of tangible fixed assets	–	–
Profit/(loss) before taxation	<u>116,575</u>	<u>83,447</u>
Taxation	19,235	13,768
Profit/(loss) after taxation in respect of continuing operations	<u>97,340</u>	<u>69,679</u>
Profit/(loss) after taxation in respect of discontinuing operations	<u>1,142,846</u>	<u>(37,982)</u>
Profit/(loss) for the period	<u>1,240,186</u>	<u>31,697</u>

Note 1 – During the period, the Branch has disposed its Private Banking Business. This sale was part of the divestment of the non-core segment of ABN Group and it was completed on 30th April 2017.

The results in respect of discontinuing operations are as follows (HKD'000):

	For the six months ended	
	30-Jun-17	30-Jun-16
Operating income	52,745	183,863
Operating expenses	119,784	229,350
Profit/(loss) before taxation	<u>(67,039)</u>	<u>(45,487)</u>
Taxation credit	10,595	7,505
Profit/(loss) after taxation	<u>(56,444)</u>	<u>(37,982)</u>
Gain on disposal of discontinuing operations after tax	1,199,290	–
Profit/(loss) after tax from discontinuing operations	<u><u>1,142,846</u></u>	<u><u>(37,982)</u></u>

Balance sheet (HKD'000)	30-Jun-17	31-Dec-16
Assets		
Cash and balances with banks	2,262,475	1,191,166
Due from Exchange Fund	35,215	39,962
Placements with banks and other financial institutions which have a residual contractual – maturity of more than one month but not more than twelve months (except those included in amount due from overseas offices of the institution)	–	–
Amount due from overseas offices of the Institution	25,329,509	38,625,994
Trade Bills	4,973,928	8,079,220
Securities measured at fair value through profit or loss held for trading	–	–
Available-for-sale securities	3,374,826	6,131,933
Assets of discontinuing operations ^{Note 2}	143,347	–
Advances and other accounts	9,044,067	14,886,930
– advances to customers	9,089,147	14,919,387
– accrued interest receivable	61,450	63,951
– impairment allowances for impaired loan	(106,530)	(96,408)
– collective impairment allowances	(30,349)	(21,426)
– individual impairment allowances	(76,181)	(74,982)
Other accounts	148,380	361,319
– unrealized gains on derivative instruments	24,037	244,128
– other accounts	124,343	117,191
Tangible fixed assets	8,483	12,930
Total assets	<u>45,320,230</u>	<u>69,329,454</u>
Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices of the institution)	1	166,364
Due to Exchange Fund	–	–
Liabilities of discontinuing operations ^{Note 2}	307,866	–
Deposits from customers	2,699,254	26,105,135
– demand deposits and current accounts	2,347,361	2,001,152
– savings deposits	31,344	2,003,394
– time, call and notice deposits	320,549	22,100,589
Amount due to overseas offices of the Institution	41,448,975	42,362,636
Accrued interest payable	30,220	44,933
Other accounts	833,914	650,386
– unrealized losses on derivative instruments	46,146	263,720
– provisions and others	787,768	386,666
Total liabilities	<u>45,320,230</u>	<u>69,329,454</u>

Note 2 – Accounts receivables and accounts payables arising from the sale of Private Banking Business.

Balance Sheet (HKD'000) (continued)
Analysis of impaired loans

As at 30 June 2017, there was no loan and advance to bank customer and therefore no impaired loans to bank customers. The analysis of impaired loans to non-bank customers are as follows:

<i>The impaired loans* to customers are as follows:-</i>	30-Jun-17	31-Dec-16
- Gross impaired loans to customers	76,181	74,982
- Individual impairment allowances	76,181	74,982
Percentage of impaired loans to customers to total advances to customers	0.84%	0.50%
<i>The impaired loans* to banks are as follows:-</i>	30-Jun-17	31-Dec-16
- Gross impaired loans to banks	-	-
- Individual impairment allowances	-	-
Percentage of impaired loans to banks to total balances and placements with banks (overseas offices are excluded)	0.00%	0.00%

* Impaired loans are advances to banks and customers which have been classified as "substandard", "doubtful" and "loss" in accordance with the HKMA Return of Loans and Advances and Provisions (Form MA(BS)2A) completion instructions.

Analysis of overdue advances to customers

Analysis of overdue advances to customers	30-Jun-17	31-Dec-16
The gross amount of advances to customers which have been overdue for:		
- three months or less but over one month;	-	135,824
- six months or less but over three months;	-	-
- one year or less but over six months; and	-	-
- over one year.	76,181	74,982
	<u>76,181</u>	<u>210,806</u>
(a) Value of collateral held against for overdue advances to customers		
- Current market value of collateral held against overdue loans and advances	-	321,000
- Covered portion of overdue loans and advances	-	135,824
- Uncovered portion of overdue loans and advances	76,181	74,982
Percentage of overdue loans to customers to total advances to customers	0.84%	1.41%

Analysis of overdue advances to customers (continued)

The gross amount of advances to banks which have been overdue for:

- three months or less but over one month;
- six months or less but over three months;
- one year or less but over six months; and
- over one year.

30-Jun-17	31-Dec-16
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

(b) Value of collateral held against for overdue advances to banks

- Current market value of collateral held
- Covered portion of overdue loans and advances
- Uncovered portion of overdue loans and advances

-	-
-	-
-	-

Percentage of overdue loans to banks to total balances and placements with banks (overseas offices are excluded)

0.00%	0.00%
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As at 30 June 2017, ABN AMRO Bank N.V. Hong Kong Branch does not have balances in the following:

1. re-scheduled loans
2. impairment allowances for loans and advances or other exposures which are maintained at overseas head office
3. trade bills and debt securities which have been overdue for over three months
4. repossessed assets

-	-
-	-
-	-
-	-

Non-bank mainland exposures (HKD'000)

The following Mainland exposures to non-bank counterparties are prepared in accordance with HKMA Return of Mainland Activities (Form MA(BS)20) completion instructions.

As at 30 June 2017	On-balance sheet exposure	Off-balance sheet exposure	Total
Types of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	585,631	304,554	890,185
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,021,296	1,818,195	3,839,491
4. Other entities of central government not reported in item 1 above	-	-	-
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	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	904,182	325,582	1,229,764
Total	3,511,109	2,448,331	5,959,440
Total assets after provision	45,320,230		
On-balance sheet exposures as percentage of total assets	7.75%		

	On-balance sheet exposure	Off-balance sheet exposure	Total
As at 31 December 2016			
Types of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	1,318,198	1,318,198
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,336,959	2,059,898	5,396,857
4. Other entities of central government not reported in item 1 above	-	-	-
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	171,079	-	171,079
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	662,992	109,758	772,750
Total	4,171,030	3,487,854	7,658,884
Total assets after provision	69,329,454		
On-balance sheet exposures as percentage of total assets	6.02%		

Off-balance sheet exposures (HKD'000)	30-Jun-17	31-Dec-16
(a) Contingent liabilities and commitments		
– Direct credit substitutes	635,728	718,933
– Transaction-related contingencies	56,775	12,548
– Trade-related contingencies	2,929,047	4,179,887
– Other commitments	16,079,333	37,044,146
	<u>19,700,883</u>	<u>41,955,514</u>

Direct credit substitutes are mainly confirmed letters of credit and financial guarantees contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Trade-related contingencies are mainly issue of letters of credit. Transaction-related contingencies are performance guarantees. Other commitments represent the amounts at risk should contracts be fully drawn upon and clients default.

(b) Derivatives (Notional amounts)		
– Exchange rate contracts	13,255,053	36,752,484
– Others	–	1,150,199
	<u>13,255,053</u>	<u>37,902,683</u>

Derivative contracts were mainly entered into on a back-to-back basis to facilitate clients. The transactions carried out for the account of the Bank are primarily to manage exchange rate risk.

(c) Total fair value of derivatives		
– Exchange rate contracts	<u>(25,806)</u>	<u>(44,218)</u>
(No bilateral netting arrangements)	<u>(25,806)</u>	<u>(44,218)</u>

As at 30 June 2017, there are no note issuance and revolving underwriting facilities.

Segmental information (continued)
(b) International claims (HKD millions)

The following illustrates the major country or geographical segment breakdown of international claims by types of counterparties. A major country or geographical segment is disclosed if international claims attributable to the country or segment (including Hong Kong) constitute not less than 10% of total international claims after taking into account any recognized risk transfer.

		Non-bank private sector				
		Official	Non-bank	Non-		
	Banks	Sector	financial	financial	Others	Total
			institutions	private		
				sector		
As at 30 June 2017						
1. Developed Countries						
<i>of which Netherlands</i>	27,010	–	418	–	–	27,428
2. Offshore centres						
<i>of which Hong Kong SAR</i>	18	2,634	–	2,843	–	5,495
3. Developing Asia and Pacific						
<i>of which China</i>	4,958	–	–	298	–	5,256
As at 31 December 2016						
1. Developed Countries						
<i>of which Netherlands</i>	38,870	–	210	–	–	39,080
2. Offshore centres						
<i>of which Hong Kong SAR</i>	5,592	3,286	35	5,721	–	14,634
3. Developing Asia and Pacific						
<i>of which China</i>	7,089	–	–	500	–	7,589

Currency risk (HKD'000)

The following foreign currency exposures are prepared in accordance with the HKMA Return of Foreign Currency Position (Form MA(BS)6) completion instructions. Foreign currency exposures arising from trading and structural positions with net position (in absolute terms) which constitutes 10% or more of the total net position in all foreign currencies are disclosed. The net options position is calculated using the delta-weighted approach.

	30-Jun-17	31-Dec-16
	USD	USD
In HKD'000		
Spot assets	40,227,927	56,388,323
Spot liabilities	43,870,863	58,542,561
Forward purchases	8,538,673	17,647,011
Forward sales	4,708,949	15,379,560
Net options position	—	—
Net long (short) position	<u>186,788</u>	<u>113,213</u>

As at 30 June 2017, there was no foreign currency exposures arising from structural positions.

Liquidity	30-Jun-17	30-Jun-16
Average liquidity maintenance ratio (LMR) for the 6 months (simple average of each calendar month's average ratio)	56.29%	52.55%

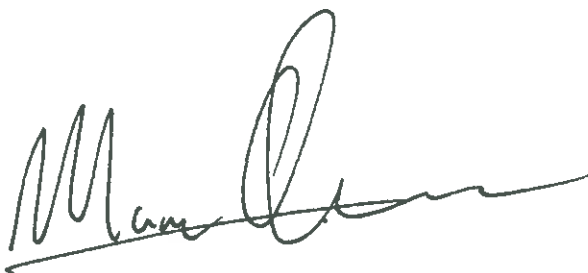
ABN AMRO Hong Kong has a liquidity risk framework in place that matches the overall moderate risk profile of the Bank and the central and local Risk Appetite. ABN AMRO Hong Kong monitors and analyses its liquidity profile on an on-going basis and actively manages its liquidity risk exposures and (internal) funding needs through interaction with local market or Treasury Amsterdam.

Disclosure on Remuneration

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, ABN AMRO Bank N.V., Hong Kong Branch complies with the requirements and has adopted the remuneration systems of ABN AMRO, Head Office.

ABN AMRO Group N.V.
Section B – Consolidated bank information (Euro million)

Capital and capital adequacy	30-Jun-17	31-Dec-16
Total Equity (EU IFRS)	19,861	18,937
Total Common Equity Tier 1 (CET1) capital	18,352	17,775
Total Tier 1 capital	19,257	18,605
Total regulatory capital	27,213	25,637
CET1 ratio	17.70%	17.10%
Tier 1 ratio	18.50%	17.90%
Total capital ratio	26.20%	24.60%
 Other financial information	 30-Jun-17	 31-Dec-16
Total assets	403,819	394,482
of which total advance to customers	272,059	267,679
Total liabilities	383,958	375,544
of which total customers deposits	235,584	228,758
Total risk-weighted assets (risk exposure amount)	103,970	104,215
	For the six months ended	
	30-Jun-17	30-Jun-16
Profit/(loss) before taxation	2,051	1,176



Hong Kong, 29 September 2017

Michael van Ommeren

Chief Executive, ABN AMRO Bank N.V. Hong Kong Branch