

ABN AMRO Bank N.V. Hong Kong Branch
2016 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)

	For the	
	six months ended	
Profit and loss information (HKD'000)	30-Jun-16	30-Jun-15
Interest income	485,710	444,080
Interest expense	<u>282,952</u>	<u>212,147</u>
Net interest income	<u>202,758</u>	<u>231,933</u>
Other operating income		
– Gains less losses arising from foreign exchange operations	37,068	33,446
– Gains less losses from other dealing activities	6,822	42,690
– Income from investment held for trading	(1,680)	259
– Net fees and commission income	115,368	145,077
– <i>fees and commission income</i>	121,219	152,036
– <i>fees and commission expenses</i>	5,851	6,959
– Others	<u>78,782</u>	<u>65,064</u>
	<u>236,360</u>	<u>286,536</u>
Operating income	439,118	518,469
Operating expenses	406,091	387,283
<i>of which</i>		
– <i>staff expenses</i>	205,583	189,483
– <i>rental expenses</i>	27,160	26,115
– <i>other expenses</i>	173,348	171,685
Net (credit)/charge for loan impairment	(4,933)	15,033
Gains less losses from disposal of tangible fixed assets	<u>–</u>	<u>–</u>
Profit/(loss) before taxation	37,960	116,153
Taxation	<u>6,263</u>	<u>19,165</u>
Profit/(loss) after taxation	<u>31,697</u>	<u>96,988</u>

Balance sheet (HKD'000)	30-Jun-16	31-Dec-15
Assets		
Cash and balances with banks	3,474,529	658,392
Due from Exchange Fund	810,983	–
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	27,977,253	25,026,631
Trade Bills	8,523,953	8,427,078
Securities measured at fair value through profit or loss held for trading	–	–
Available-for-sale securities	5,108,624	5,150,805
Advances and other accounts	13,304,063	15,008,782
– advances to customers	13,337,405	15,058,245
– accrued interest receivable	62,242	48,026
– impairment allowances for impaired loan	(95,584)	(97,489)
– collective impairment allowances	(17,183)	(22,139)
– individual impairment allowances	(78,401)	(75,350)
Other accounts	401,079	1,409,356
– unrealized gains on derivative instruments	168,142	244,425
– other accounts	232,937	1,164,931
Investment in subsidiaries	–	–
Tangible fixed assets	16,735	19,646
	<u>59,617,219</u>	<u>55,700,690</u>
Total assets	<u>59,617,219</u>	<u>55,700,690</u>
Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices of the institution)	174,804	997,761
Due to Exchange Fund	–	51,456
Deposits from customers	24,239,143	23,675,921
– demand deposits and current accounts	1,832,686	1,865,627
– savings deposits	2,057,854	2,688,718
– time, call and notice deposits	20,348,603	19,121,576
Amount due to overseas offices of the Institution	31,514,801	29,867,938
Repo	–	–
Issued debt securities	–	–
Accrued interest payable	40,273	30,781
Short positions on securities held for trading	–	–
Other accounts	3,648,198	1,076,833
– unrealized losses on derivative instruments	210,589	228,698
– provisions and others	3,437,609	848,135
	<u>59,617,219</u>	<u>55,700,690</u>
Total liabilities	<u>59,617,219</u>	<u>55,700,690</u>

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

As at 30 June 2016, there was no loan and advance to bank customer and therefore no impaired loan to bank customer. The analysis of impaired loans to non-bank customer is as follows:

	30-Jun-16	31-Dec-15
<i>The impaired loans* to customers are as follows:-</i>		
– Gross impaired loans to customers	78,401	75,350
– Individual impairment allowances	78,401	75,350
 Percentage of impaired loans to customers to total advances to customers	 0.59%	 0.50%
<i>The impaired loans* to banks are as follows:-</i>		
– 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

	30-Jun-16	31-Dec-15
The gross amount of advances to customers which have been overdue for:		
– six months or less but over three months;	–	75,350
– one year or less but over six months; and	58,381	–
– over one year.	<u>20,020</u>	<u>–</u>
	<u>78,401</u>	<u>75,350</u>
 (a) Individual impairment allowances for overdue advances to customers		
– Current market value of collateral held against the covered portion of overdue loans and advances	–	–
– Covered portion of overdue loans and advances	–	–
– Uncovered portion of overdue loans and advances	78,401	75,350
 Percentage of overdue loans to customers to total advances to customers	 0.59%	 0.50%
 The gross amount of advances to banks which have been overdue for:		
– six months or less but over three months;	–	–
– one year or less but over six months; and	–	–
– over one year.	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

Analysis of overdue advances to customers (continued)

	30-Jun-16	31-Dec-15
(b) Individual impairment allowances for overdue advances to banks		
– Current market value of collateral held against the covered portion of overdue loans and advances	–	–
– 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%

As at 30 June 2016, 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 2016	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	–	416,982	416,982
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,704,447	2,149,926	3,854,373
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	230,063	–	230,063
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	425,996	413	426,409
Total	2,360,506	2,567,321	4,927,827
Total assets after provision	59,617,219		
On-balance sheet exposures as percentage of total assets	3.96%		

Non-bank mainland exposures (HKD'000) (continued)

	On-balance sheet exposure	Off-balance sheet exposure	Total
As at 31 December 2015			
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	-	191,088	191,088
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,578,889	965,734	3,544,623
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	196,843	-	196,843
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	<u>326,959</u>	<u>-</u>	<u>326,959</u>
Total	<u>3,102,691</u>	<u>1,156,822</u>	<u>4,259,513</u>
Total assets after provision	55,700,690		
On-balance sheet exposures as percentage of total assets	5.57%		

Off-balance sheet exposures (HKD'000)	30-Jun-16	31-Dec-15
(a) Contingent liabilities and commitments		
– Direct credit substitutes	1,206,478	1,113,442
– Transaction-related contingencies	18,749	20,212
– Trade-related contingencies	2,956,672	1,508,974
– Other commitments	<u>39,143,395</u>	<u>37,769,983</u>
	<u>43,325,294</u>	<u>40,412,611</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	36,357,402	25,322,725
– Others	<u>1,046,712</u>	<u>2,010,635</u>
	<u>37,404,114</u>	<u>27,333,360</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>(25,835)</u>	<u>15,252</u>
(No bilateral netting arrangements)	<u>(25,835)</u>	<u>15,252</u>

As at 30 June 2016, there are no note issuance and revolving underwriting facilities.

Segmental information (HKD'000)	30-Jun-16 Gross loans and advances	30-Jun-16 Collateral or other security	31-Dec-15 Gross loans and advances	31-Dec-15 Collateral or other security
(a) Total advances to customers by industry sectors				
Loans for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	13,352	13,352	13,526	13,526
– Property investment	925,587	925,587	1,027,203	1,027,203
– Financial concerns	3,502,358	3,397,231	4,328,278	4,273,132
– Stockbrokers	53,576	53,576	77,559	77,559
– Wholesale and retail trade	186,258	37,636	938,791	530,609
– Manufacturing	86,351	81,721	162,198	156,530
Individuals:				
– Other business purposes	3,059,166	3,022,296	3,290,424	3,271,305
– Other private purposes	670,946	667,168	731,676	722,770
Trade finance	3,408,255	474,635	2,843,857	443,317
Advances for use outside Hong Kong	<u>1,431,556</u>	<u>918,174</u>	<u>1,644,733</u>	<u>1,072,423</u>
Total advances to customers	<u>13,337,405</u>	<u>9,591,376</u>	<u>15,058,245</u>	<u>11,588,374</u>
Percentage of value of collateral to total advances to customers		71.91%		76.96%
Total advances to customers by geographical area of which exposures to (HKD'000):			30-Jun-16	31-Dec-15
– Hong Kong			4,812,289	6,064,166
– British Virgin Islands			2,621,039	3,554,440
– United Arab Emirates			2,609,340	2,178,458
Overdue loans for use in Hong Kong			–	1,721
Overdue loans for use outside Hong Kong			87,269	75,350

Advances to customers by geographical area are reported where it constitutes 10% or more of the total advances to customers and classified according to the location of the counterparties. Impaired loans and advances to customers occurred at the half year end 30 June 2016 were already disclosed under the analysis of impaired loans. There was no loan and advance to bank customers at the half year end 30 June 2016. The prior period amount (Overdue loans for use outside Hong Kong) has been adjusted by \$67,815,000 due to an omission. The adjustment has no effect on the reported result of the operations.

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 2016						
1. Developed Countries						
<i>of which Netherlands</i>	28,255	–	179	1	–	28,435
2. Offshore centres						
<i>of which Hong Kong SAR</i>	5,180	2,810	12	5,008	–	13,010
3. Developing Asia and Pacific						
<i>of which China</i>	6,553	–	–	381	–	6,934

		Non-bank private sector				
		Official	Non-bank	Non-		
	Banks	Sector	financial	financial	Others	Total
			institutions	private		
				sector		
As at 31 December 2015						
1. Developed Countries						
<i>of which Netherlands</i>	25,262	–	–	–	–	25,262
2. Offshore centres						
<i>of which Hong Kong SAR</i>	4,391	2,050	41	7,286	–	13,768
3. Developing Asia and Pacific						
<i>of which China</i>	6,034	–	–	67	–	6,101

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-16	31-Dec-15
In HKD'000	USD	USD
Spot assets	46,375,596	41,271,151
Spot liabilities	48,031,517	43,340,845
Forward purchases	16,776,699	10,845,389
Forward sales	14,993,486	8,627,463
Net options position	<u>—</u>	<u>—</u>
Net long (short) position	<u>127,292</u>	<u>148,232</u>

As at 30 June 2016, there was no foreign currency exposures arising from structural positions.

Liquidity	30-Jun-16	30-Jun-15
Average liquidity maintenance ratio (LMR) for the 6 months (simple average of each calendar month's average ratio)	52.55%	40.01%

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-16	31-Dec-15
Total Equity (EU IFRS)	17,960	17,584
Total Common Equity Tier 1 (CET1) capital	17,213	16,768
Total Tier 1 capital	18,056	18,226
Total regulatory capital	25,155	23,431
CET1 ratio	16.20%	15.50%
Tier 1 ratio	17.00%	16.90%
Total capital ratio	23.70%	21.70%

Other financial information	30-Jun-16	31-Dec-15
Total assets	418,940	405,840
of which total advance to customers	271,456	274,842
Total liabilities	400,981	388,255
of which total customers deposits	240,784	245,659
Total risk-weighted assets (risk exposure amount)	106,137	108,001

	For the six months ended	
	30-Jun-16	30-Jun-15
Profit/(loss) before taxation	1,176	1,542

As a result of amended accounting policies, the comparative figures of Other financial information of 31 December 2015 (balance sheet figures) have been adjusted.



Hong Kong, 29 September 2016

Maureen Saskia de Rooij

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