

ABN AMRO Bank N.V. Hong Kong Branch
2015 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)	30-Jun-15	30-Jun-14
Interest income	444,080	443,556
Interest expense	<u>212,147</u>	<u>157,710</u>
Net interest income	<u>231,933</u>	<u>285,846</u>
Other operating income		
– Gains less losses arising from trading in foreign currencies	33,446	(22,654)
– Gains less losses from other dealing activities	42,690	–
– Income from investment held for trading	259	560
– Net fees and commission income	145,077	143,317
– <i>fees and commission income</i>	152,036	157,147
– <i>fees and commission expenses</i>	6,959	13,830
– Others	<u>65,064</u>	<u>108,512</u>
	<u>286,536</u>	<u>229,735</u>
Operating income	518,469	515,581
Operating expenses	387,283	360,369
<i>of which</i>		
– <i>staff expenses</i>	189,483	183,115
– <i>rental expenses</i>	26,115	25,602
– <i>other expenses</i>	171,685	151,652
Net charge/(credit) for loan impairment	15,033	2,466
Gains less losses from disposal of tangible fixed assets	<u>–</u>	<u>–</u>
Profit/(loss) before taxation	116,153	152,746
Taxation	<u>19,165</u>	<u>25,203</u>
Profit/(loss) after taxation	<u>96,988</u>	<u>127,543</u>

Balance sheet (HKD'000)	30-Jun-15	31-Dec-14
Assets		
Cash and balances with banks	9,459,856	995,596
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)	–	1,299,658
Amount due from overseas offices of the Institution	31,765,483	10,360,626
Trade Bills	8,508,491	10,804,576
Securities measured at fair value through profit or loss held for trading	–	–
Available-for-sale securities	11,091,095	10,584,174
Advances and other accounts	18,298,333	17,967,307
– advances to customers	18,252,908	17,925,284
– accrued interest receivable	66,234	47,801
– impairment allowances for impaired loan	(20,809)	(5,778)
– collective impairment allowances	(11,080)	(5,778)
– individual impairment allowances	(9,729)	–
Other accounts	1,102,363	1,180,604
– unrealized gains on derivative instruments	187,588	249,466
– other accounts	914,775	931,138
Investment in subsidiaries	–	–
Tangible fixed assets	24,411	27,589
	<u>80,250,032</u>	<u>53,220,130</u>
Total assets		
Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices of the institution)	1,379,941	1,876,430
Deposits from customers	25,229,095	23,397,609
– demand deposits and current accounts	1,906,267	1,832,195
– savings deposits	3,075,837	3,243,521
– time, call and notice deposits	20,246,991	18,321,893
Amount due to overseas offices of the Institution	46,394,406	26,116,705
Repo	–	–
Issued debt securities	–	–
Accrued interest payable	27,308	21,516
Short positions on securities held for trading	–	–
Other accounts	7,219,282	1,807,870
– unrealized losses on derivative instruments	187,588	249,466
– provisions and others	7,031,694	1,558,404
	<u>80,250,032</u>	<u>53,220,130</u>
Total liabilities		

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

As at 30 June 2015, 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-15	31-Dec-14
– Gross impaired loans to customers	104,289	101,188
– Individual impairment allowances	9,729	–
Percentage of impaired loans to customers to total advances to customers	0.57%	0.56%
<i>The impaired loans* to banks are as follows:-</i>	30-Jun-15	31-Dec-14
– 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

The gross amount of advances to customers which have been overdue for:	30-Jun-15	31-Dec-14
– six months or less but over three months	–	–
– one year or less but over six months	–	–
– over one year	–	–
	<hr/>	<hr/>
	–	–
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(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	–	–
Percentage of overdue loans to customers to total advances to customers	0.00%	0.00%
The gross amount of advances to banks which have been overdue for:	30-Jun-15	31-Dec-14
– six months or less but over three months	–	–
– one year or less but over six months	–	–
– over one year	–	–
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	–	–
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Analysis of overdue advances to customers (continued)

	30-Jun-15	31-Dec-14
(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 2015, 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 2015	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)	77,529	–	77,529
2. Local governments, local government-owned entities and their subsidiaries and JVs	–	372,483	372,483
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,956,871	1,423,985	5,380,856
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	113,409	–	113,409
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	378,846	3	378,849
Total	4,526,655	1,796,471	6,323,126
Total assets after provision	80,250,032		
On-balance sheet exposures as percentage of total assets	5.64%		

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

As at 31 December 2014	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)	20,683	-	20,683
2. Local governments, local government-owned entities and their subsidiaries and JVs	9,293	77,249	86,542
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,547,634	2,040,598	6,588,232
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	869,328	-	869,328
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	349,478	-	349,478
Total	5,796,416	2,117,847	7,914,263
Total assets after provision	53,220,130		
On-balance sheet exposures as percentage of total assets	10.89%		

Off-balance sheet exposures (HKD'000)	30-Jun-15	31-Dec-14
(a) Contingent liabilities and commitments		
– Direct credit substitutes	893,984	990,188
– Transaction-related contingencies	20,224	17,796
– Trade-related contingencies	2,070,505	2,243,747
– Other commitments	<u>31,974,931</u>	<u>31,814,456</u>
	<u>34,959,644</u>	<u>35,066,187</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	39,084,036	30,355,157
– Others	<u>3,413,486</u>	<u>2,715,981</u>
	<u>42,497,522</u>	<u>33,071,138</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>(14,656)</u>	<u>2,160</u>
(No bilateral netting arrangements)	<u>(14,656)</u>	<u>2,160</u>

As at 30 June 2015, there are no note issuance and revolving underwriting facilities.

Segmental information (HKD'000)	30-Jun-15 Gross loans and advances	30-Jun-15 Collateral or other security	31-Dec-14 Gross loans and advances	31-Dec-14 Collateral or other security
(a) Total advances to customers by industry sectors				
Loans for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	21,769	21,769	21,776	21,776
– Property investment	986,035	986,035	1,188,682	1,092,450
– Financial concerns	6,008,358	5,999,645	6,009,262	6,009,233
– Stockbrokers	77,378	77,378	124,581	124,581
– Wholesale and retail trade	999,281	605,842	494,657	68,371
– Manufacturing	147,593	147,593	148,091	148,088
Individuals:				
– Other business purposes	3,702,985	3,702,944	2,826,522	2,825,011
– Other private purposes	985,640	981,696	591,852	591,830
Trade finance	3,414,907	478,207	3,776,976	1,117,357
Advances for use outside Hong Kong	<u>1,908,962</u>	<u>1,544,292</u>	<u>2,742,885</u>	<u>2,246,872</u>
Total advances to customers	<u>18,252,908</u>	<u>14,545,401</u>	<u>17,925,284</u>	<u>14,245,569</u>

Percentage of value of collateral to total advances to customers	79.69%	79.47%
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Total advances to customers by geographical area		
of which exposures to (HKD'000):	30-Jun-15	31-Dec-14
– Hong Kong	6,630,329	6,484,013
– British Virgin Islands	5,664,238	5,958,895
– United Arab Emirates	2,473,436	2,183,030

Overdue loans for use in Hong Kong –

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 2015 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 2015.

Segmental information (HKD'000) (continued)
(b) International claims (HKD'000)

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 2015						
1. Developed Countries						
<i>of which Netherlands</i>	31,992	–	6	1	–	31,999
<i>of which United States</i>	7,563	8,666	20	77	–	16,326
2. Offshore centres						
<i>of which Hong Kong SAR</i>	4,478	–	875	5,533	–	10,886

		Non-bank private sector				
		Official	Non-bank	Non-		
	Banks	Sector	financial	financial	Others	Total
			institutions	private		
				sector		
As at 31 December 2014						
1. Developed Countries						
<i>of which Netherlands</i>	10,478	–	2	5,655	–	16,135
<i>of which United States</i>	165	3,109	25	57	–	3,356
2. Offshore centres						
<i>of which Hong Kong SAR</i>	3,463	–	604	5,782	–	9,849

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.

As at 30 June 2015

In HKD'000	EUR	USD
Spot assets	3,774,911	61,873,960
Spot liabilities	3,791,046	64,576,512
Forward purchases	6,304,949	16,691,897
Forward sales	6,304,035	13,915,918
Net options position	—	—
Net long (short) position	(15,221)	73,427

As at 31 December 2014

In HKD'000	EUR	USD
Spot assets	8,577,220	30,057,403
Spot liabilities	8,570,704	32,244,191
Forward purchases	1,882,074	11,949,793
Forward sales	1,881,169	9,662,845
Net options position	—	—
Net long (short) position	7,421	100,160

As at 30 June 2015, there was no foreign currency exposures arising from structural positions.

Liquidity

	30-Jun-15	30-Jun-14
Average liquidity maintenance ratio for the 6 months (simple average of each calendar month's average ratio)	40.01%	N/A

As the liquidity maintenance ratio takes effect from 2015 January, ABN AMRO Hong Kong is not required to disclose the comparative information.

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-15	31-Dec-14
Total Equity (EU IFRS)	15,899	14,877
Total Common Equity Tier 1 (CET1) capital	16,281	15,426
Total Tier 1 capital	16,738	15,985
Total regulatory capital	20,990	21,648
CET1 ratio	14.20%	14.10%
Tier 1 ratio	14.60%	14.60%
Total capital ratio	18.30%	19.70%
 Other financial information	 30-Jun-15	 31-Dec-14
Total assets	410,661	386,867
of which total advance to customers	266,776	261,910
Total liabilities	394,762	371,990
of which total customers deposits	230,107	215,867
Total risk-weighted assets (risk exposure amount)	114,930	109,647
 	 30-Jun-15	 30-Jun-14
Profit/(loss) before taxation	1,542	470



Hong Kong, 25 September 2015

Maureen Saskia de Rooij

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