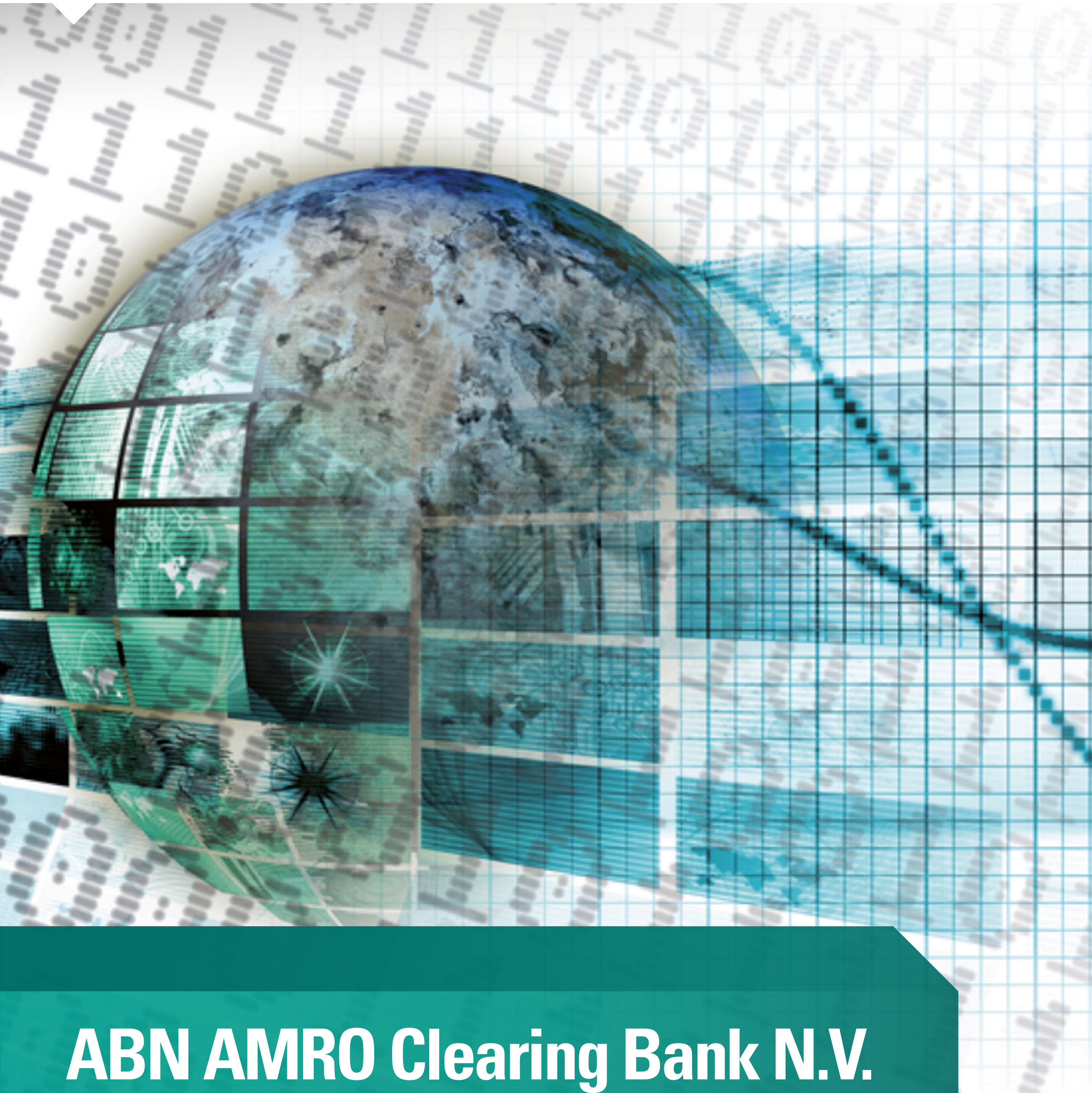
ABN·AMRO Clearing



ABN AMRO Clearing Bank N.V.
Annual Report 2015

Notes to the reader

This is the Annual Report for the year 2015 of ABN AMRO Clearing Bank N.V. The Annual Report consists of the Managing Board report, Supervisory Board report, the Annual Financial Statements and other information.

The financial information contained in this Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

This Annual Report is presented in euros (EUR).

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

For more information please visit us at **abnamroclearing.com**

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ABN AMRO Clearing at a glance

ABN AMRO Clearing Bank N.V. (AACB) is a wholly owned subsidiary of ABN AMRO Bank N.V. (ABN AMRO). The financial statements of AACB are incorporated in the consolidated financial statements of ABN AMRO Group N.V. (AAG). The legal entity AACB is part of the business segment Capital Markets Solutions.

The AACB operating model is, where possible, self-supporting due to the nature of its business, where speed and responsiveness are critical and regulators and clients expect separation of clearing activities from general banking activities. The clearing activities are therefore undertaken out of AACB; a dedicated legal entity that has a banking licence and is regulated under the Single Supervisory Mechanism implemented in November 2014. As of that date the European Central Bank is responsible for AACB's supervision.

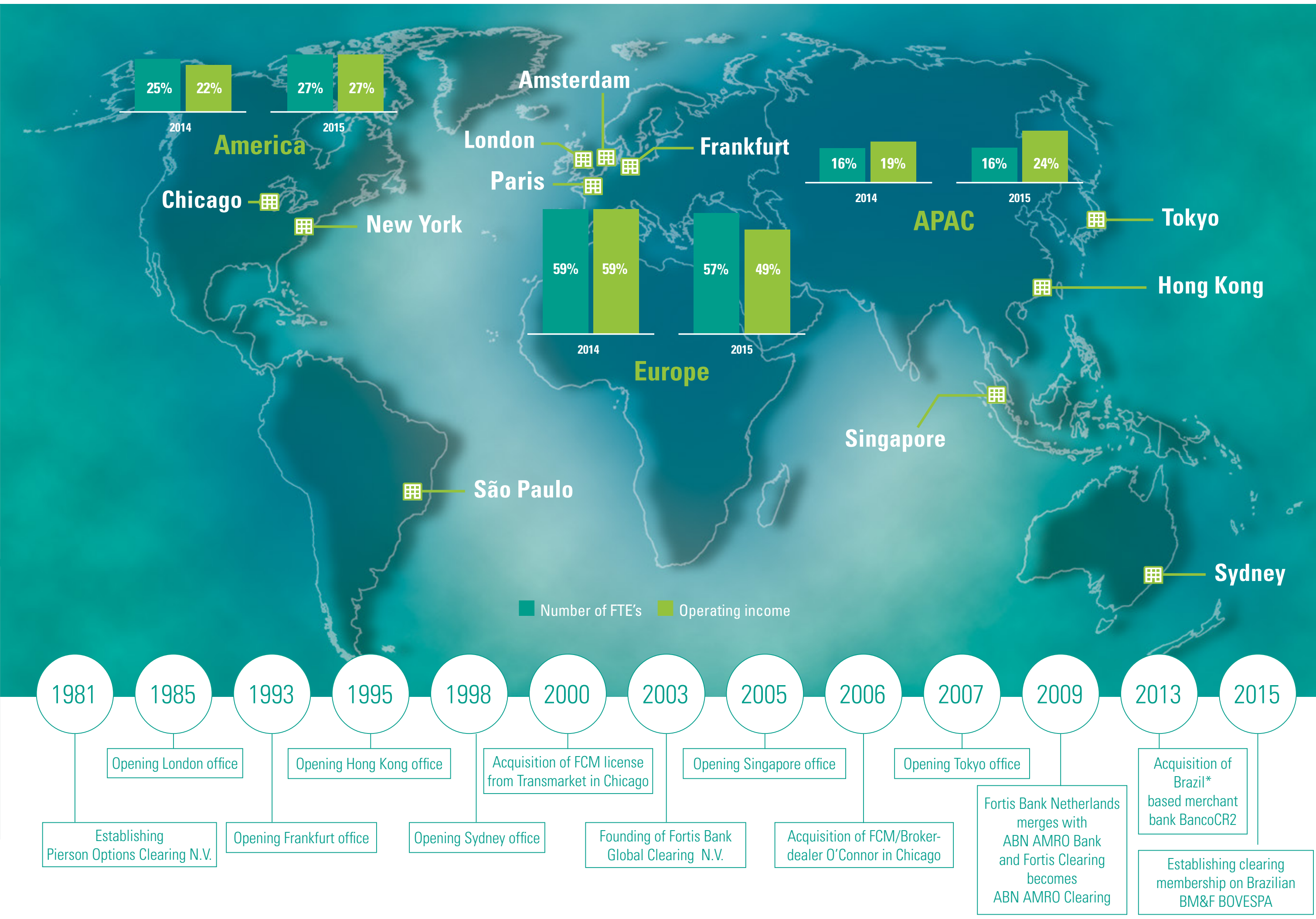
AACB plays an important facilitating and processing role in the global capital markets, creating efficiency in the value chains of everyday products and making the financial system more efficient, transparent and robust.

Business model

AACB covers the full market chain from market access and execution services to clearing, settlement and multi-product asset servicing on a global basis. We offer 24-hour/ 5-day global services across multiple asset classes. In addition, we provide collateralised financing and securities borrowing and lending services to our clients.

With a top-three ranking based on turnover and global market share, AACB plays an important role in supporting the global financial infrastructure.

ABN AMRO Clearing - global reach & chronology



* Bank Banco CR2 S.A. in Brazil is part of the legal structure of AAB. The costs concerning AACB activities are rebilled from AAB toward AACB.

Letter from the Managing Board

In 2015, a number of developments continued to create uncertainty in the global economic environment and financial markets. Some of these macroeconomic events had a particular impact on AACB, including the Swiss National Bank's decision to abandon its Euro currency floor, and the relative weakness of the Chinese economy later in the year. In addition, certain regulatory developments put pressure on AACB's business model. Nevertheless, AACB showed a good performance and further growth in income delivering a net profit of Euro 63,9 million for the full year 2015.

This strong performance was driven by a large increase in operating income compared to last year, even taking into consideration the 2014 one off result regarding the sale of the majority stake in Holland Clearing House. Good market circumstances, growing client lending and increased cleared volumes pushed both net interest income, net fees and commissions higher.

The operating cost level of AACB further increased compared to last year. In the coming years increases in regulatory expenses are expected and new regulatory initiatives could further increase capital requirements. The multiple regulatory changes and the combined impact of all these changes are concerning for the future of the financial markets and our clients. However, AACB does recognise that most of these rules and regulations are designed to create a safer and more transparent market.

The challenging market and regulatory environment requires AACB to work in a leaner, more efficient way. Also during 2015, improving AACB's efficiency was key and we continued on our path of standardisation and global alignment. We finalised the transfer of the activities relating to the offshoring to India in the first half of 2015 and we migrated to one clearing system for all clients in Europe. These important projects took a significant amount of investment and called for a high level of management attention to ensure the continuity of the day-to-day business. Furthermore, technology and innovation remained a priority in 2015. AACB further upgraded its IT infrastructure and invested in new technology initiatives.

AACB started to roll out Customer Excellence (CE) across the organisation, combining customer focus with operational excellence. CE is based on Lean Management principles and helps improve the satisfaction of both clients and employees. Expected is that at the end of 2017 all AACB's staff will be familiar with CE.

Future developments

As per 1 January 2016 we closed our Frankfurt Branch due to operational restructuring. Most of the employees are transferred to ABN AMRO and our German clients will still be served locally.

Looking ahead, we will continue to focus on delivery on our strategy by further growing our client base in the US and Asia Pacific (APAC) and through the continued standardization of IT systems and improvement of our processes. In addition, we are committed to make good progress in expanding our securities borrowing and lending capabilities in Europe and further improve our reporting capabilities globally.

From left to right:
M.C. Jongmans, J.B.M. de Boer, B. Duinstra, L.M.R. Vanbockrijck, A. Bolkovic

In this period of market and regulatory turbulence our confidence rests with the strength of our client relationships and the quality of our staff. Therefore we would like to thank all our clients for their loyalty and our staff for their willingness to adapt to change and their commitment and determination during 2015.

Amsterdam, 18 May 2016,

Managing Board

M.C. Jongmans Chairman
J.B.M. de Boer Chief Commercial Officer
A. Bolkovic Global Head Products & Services and Global Head Operations.
B. Duinstra Chief Risk Officer
L.M.R. Vanbockrijck Chief Financial Officer

ABN AMRO Clearing Bank N.V.,
registered in Amsterdam.
Gustav Mahlerlaan 10, 1082 PP Amsterdam,
The Netherlands.
Trade Register entry no. 33170459.

Supervisory Board report

Composition of the Supervisory Board

A description of the duties and responsibilities of the Supervisory Board including the procedures for appointment, suspension and dismissal is provided in the Governance section of this report.

The Supervisory Board annually assesses its composition, performance and expertise and believes that, as a whole, it possesses sufficient knowledge, expertise and experience to adequately perform its duties. In light of this, the Supervisory Board is continuously improving in the broadest way possible.

All members of the Supervisory Board hold senior executive positions within ABN AMRO. The composition of the Supervisory Board changed in 2015, as one member, J. Dijst, stepped down and was replaced by R.G.J. Zijlstra. An overview of the current composition of the Supervisory Board is provided under the heading 'Composition of the Supervisory Board' on page 84.

Supervisory Board meetings

The Supervisory Board met on five occasions in 2015 in plenary scheduled meetings of which one meeting was additionally scheduled specifically for permanent educational purposes for the Supervisory Board members. Prior to each meeting, the Supervisory Board took sufficient time to pre-discuss topics without the attendance of the Managing Board. All plenary scheduled meetings were held in the presence of the members of the Managing Board. Members of senior management and subject matter experts were regularly invited to present specific topics related to the business of AACB.

Outside the Supervisory Board meetings, Supervisory Board members have regular contact with the Managing Board. The Chairman of the Supervisory Board and the Company Secretary prepared the agenda for the Supervisory Board meetings in 2015. Regular agenda items included financial performance, risk management, compliance and regulation, audit findings, market and regulatory developments and strategy. A more detailed description of the matters discussed is provided hereafter.

The Supervisory Board is satisfied with the company's financial performance. Financial information was audited by both internal and external auditors and provided by the Managing Board in order to show the company's risks, results, and capital and liquidity positions. The Annual Report 2015 and the Financial Statements 2015 were audited and discussed by the Supervisory Board, Managing Board, ABN AMRO Group Audit and KPMG (the independent external auditor). The Supervisory Board took note of the independent auditor's report issued by KPMG on the Financial Statements 2015.

Throughout the year, the Supervisory Board monitored the implementation of the strategy going forward and supported the Managing Board in its effort to put clients' interests first, maintain a moderate risk profile and implement the long-term strategy. The Supervisory Board is also satisfied with the results of AAC's Client Survey and Employee Engagement Survey.

The Supervisory Board challenged the Managing Board on AACB's performance, audit findings, risk management and strategic plans. AACB's Red Amber Green (RAG) Risk Management Report, which is provided to the Supervisory

Board on a regular basis, served as the basis for effective discussions on key risks run by AACB.

In September 2015, the Audit, Risk & Compliance committee was installed by the Supervisory Board. The responsibilities of the Audit, Risk & Compliance committee shall be to assist the Supervisory Board with performance of its duties as well as reviewing and assessing relevant topics in order to render adequate advice. The first meeting of the committee was held in November 2015 where items related to internal risk controls, capital management and regulatory compliance matters were discussed.

The Managing Board has regularly informed and briefed the Supervisory Board on intended organisational changes, strategic initiatives and incidents that had occurred. The Supervisory Board is of the opinion that AACB is well-positioned for 2016.

Corporate governance

Corporate governance was further strengthened in 2015. Every member of the Supervisory Board took the Bankers' Oath in 2015. The oath is a confirmation of ABN AMRO's existing policy, which is fully in line with the business principles and core values of ABN AMRO.

Permanent education for the Supervisory Board is designed to keep its members' expertise up to date and to broaden and deepen their knowledge where necessary. In 2015, the Supervisory Board conducted a self-assessment performed by an independent firm specialized in corporate governance. One of the recommendations for the Supervisory Board members was to pay more attention to improving individual knowledge and expertise on specific Clearing topics. Actions have been taken to organize, execute and monitor this accordingly.

As all members of the Supervisory Board are members of the Management Group of ABN AMRO (being a group of Senior Managers positioned on management levels below the Managing Board level of ABN AMRO), Supervisory Board members are invited to participate in the lifelong learning programme of ABN AMRO. In addition, AACB regularly organises educational sessions on specific Clearing topics for Supervisory Board members to ensure a balanced programme that covers relevant aspects of AACB's performance and takes into account current developments in the clearing industry.

ABN AMRO applies the Banking Code's principles on risk appetite, risk policy and risk management on a consolidated basis. At least once a year, ABN AMRO Group Audit and the external auditor attend a meeting of the Supervisory Board.

Amsterdam, 18 May 2016,

Supervisory Board

R.V.C. Schellens (Chairman)
A.J.B.M. Peek
F.M.R. van der Horst
A. Rahusen
R.G.J. Zijlstra

Managing Board report

Regulatory developments

New regulatory proposals are constantly being introduced at global, European and national level. AACB continuously monitors developments and prepares for upcoming regulatory changes. Implementing measures to address new laws and regulations is costly and impacts AACB's business.

In the paragraph Regulatory environment we focus on the main regulatory changes that are expected to impact AACB given the quantity of new laws and regulations that are relevant to us.

Risk management

In its daily operational activities AACB is confronted with various risks such as market, credit, liquidity, operational, and reputational risks. Credit risk and market risk are continuously monitored given the nature of AACB's business. Accurate identification and control of these risks constitutes an important part of AACB day-to-day operations.

The risk appetite of AACB is aligned with ABN AMRO's corporate strategy and thus set with a view to create a moderate risk profile. It is monitored on a monthly basis by benchmarking actual and expected risk profiles.

In 2015 AACB had one default and a default rate of 5,09 bps (2014: 0,27 bps) on the overall outstanding credit lines of EUR 30,0 billion (2014: EUR 27,1 billion).

More information on AACB's risk management, risk framework and the main risks it faces can be found in the risk management section on page 21.

Financial review 2015

Summary

(x EUR 1.000)	2015	2014
Operating income	**384.049**	**344.329**
of which: Net interest income	130.274	94.404
Net fee and commission income	243.438	199.807
Operating expenses	**280.687**	**254.433**
Profit (loss) for the year	**63.926**	**74.279**

After a challenging start in 2015 due to a loss related to the disconnection of the Swiss franc from the Euro, revenues for the full year 2015 were up versus the prior year thanks to volatile market circumstances and business growth. All three regions showed good performance. Normalised for the sale of the majority stake in Holland Clearing House that took place by the end of 2014, operating income increased by 26,2% year-on-year. This is also in line with the record amount of trades of 3,19 billion that were handled during the year. As a consequence, the net profit for the full year 2015 stood at EUR 63,9 million and resulted in a return on assets of 29,3 bps.

The market activity that picked up during late 2014, continued during 2015 resulting in both higher net interest income and net fee income. The increase in net fee income is approximately 21,8% and is largely related to increased market shares and high volatilities on all global exchanges. Especially volumes in APAC increased strongly, initially as a result of changes on Chinese foreign investments policies and later in the year on concerns around the Chinese economy. Despite low interest rates, interest results further increased year-on-year thanks to high client financing needs and growth in Securities Borrowing & Lending. The year-on-year effect in operating income was also positively impacted by the strengthening of local currencies versus Euro.

Despite the strong cost focus, AACB experienced a further rise in regulatory expenses. Normalised for these regulatory charges, operating expenses increased with 10,2%. This is largely related to growth in employees worldwide to cater for AACB's growth initiatives and ensure control. Furthermore, operating expenses were also impacted by FX effects, higher recharges from the Group and increased salary expenses due to pension plan expenses and wage drift.

Governance and ownership

Corporate structure

AACB is a public company with limited liability incorporated on 25 November 1982 under Dutch Law and is a wholly owned subsidiary of ABN AMRO, which is in turn wholly owned by AAG. The financial statements of AACB are incorporated in the consolidated financial statements of AAG. As of November 2015 AAG is listed on the Stock Exchange Euronext in Amsterdam.

AAG has issued a 403 Statement with respect to AACB. A 403 Statement is a statement of a parent company in which it assumes joint and several liability for all liabilities arising from legal acts of its subsidiaries. A 403 Declaration refers to section 2:403 of the Dutch Civil Code and must be filed with the Trade Register of the Chamber of Commerce.

AACB has a two tier board structure, consisting of a Managing Board and a Supervisory Board.

The responsibilities and activities of the Managing Board and the Supervisory Board are governed by Dutch company law and AACB's Articles of Association. Furthermore, AACB has drawn up rules of procedure for the Managing Board and Supervisory Board regarding their duties, powers and responsibilities.

Managing Board

Responsibilities of the Managing Board

The Managing Board members collectively manage AACB and are responsible for its strategy, structure and performance, including the assessment and management of the risks related to AACB's activities. In carrying out their duties, the Managing Board members are guided by the interests and continuity of AACB and its affiliated entities taking into consideration the interests of all of AACB's stakeholders and of the society at large.

The Managing Board members are accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders.

The Managing Board is obliged to inform the Supervisory Board of AACB's operational and financial objectives, annual accounts, strategy and the parameters applied in relation to the strategy.

Appointment, suspension and dismissal

The members of the Managing Board are appointed by the General Meeting of Shareholders (being ABN AMRO). The Supervisory Board and the General Meeting of Shareholders may at any time suspend a member of the Managing Board.

Members of the Managing Board can only be dismissed by the General Meeting of Shareholders.

An overview of the current composition of the Managing Board is provided in the Managing Board Report.

Remuneration

AACB's Managing Board members are subject to ABN AMRO's Global Reward Policy. This policy provides a framework to effectively manage reward and performance and applies globally within ABN AMRO at all levels and in all countries. The Global Reward Policy also specifies rules with respect to those staff whose professional activities could have a material impact on the ABN AMRO's risk profile. This group of staff is referred to as Identified Staff. All Managing Board members of AACB are qualified as ABN AMRO Identified Staff.

The remuneration packages for Identified Staff have been structured in accordance with the regulations for the financial sector and typically consist of the following components:

- Annual base salary
- Annual variable remuneration (with deferred pay-out)
- Benefits and other entitlements.

ABN AMRO strives to position the level of total direct compensation for Management Board members just below market median levels. For Identified Staff based in the Netherlands, who are not Management Group members, ABN AMRO's collective labour agreement governs the remuneration packages. With effect from 2015, remuneration restrictions under the Bonus Prohibition Act were extended to senior management as described in the Wbfo (the Act on Remuneration Policies of Financial Undertakings (Wet beloningsbeleid financiële ondernemingen - Wbfo).

Accordingly and from 1 January 2015 onwards, AACB's Managing Board members may not be granted any variable compensation during the period of government ownership.

Supervisory Board

Responsibilities of the Supervisory Board

The Supervisory Board supervises the Managing Board as well as the general course of affairs of AACB and of its affiliated entities. In addition, the Supervisory Board assists the Managing Board by rendering advice. In carrying out their duties, the Supervisory Board members are guided by the interests and continuity of AACB and its affiliated entities, taking into consideration the interests of all of AACB's stakeholders and the society at large. Certain powers are vested with the Supervisory Board, including the approval of certain resolutions proposed by the Managing Board.

The Supervisory Board meets at least four times a year and on every further occasion as any of the Supervisory Board members may deem necessary.

Appointment, suspension and dismissal

An overview of the current composition of the Supervisory Board is provided in the Supervisory Board Report.

All of the Supervisory Board members are employed by ABN AMRO and do not receive separate compensation for being member of AACB's Supervisory Board. Supervisory Board members are formally appointed and may be suspended or dismissed by the General Meeting of Shareholders.

Diversity

The Managing Board and the Supervisory Board consists of natural persons only. According to the Act on Management and Supervison (Wet Bestuur en Toezicht) the Supervisory Board must consist of at least 30% male and female. At the end of 2015, the Managing Board of AACB consisted of 20% female members and the Supervisory Board of 100% male members. The composition of the Supervisory Board changed in 2015, as one member stepped down and was replaced by one new member. When replacing members or expanding the Managing Board or Supervisory Board, AACB will give due consideration to any then applicable gender requirements when seeking to find suitable new members for those open positions.

Dutch Banking Code

The Dutch Banking Code (Code) came into effect on 1 January 2010. The Code sets out principles that banks should adhere to in terms of corporate governance, risk management, audit and remuneration. The Code applies to AACB as a licensed bank under the Act on Financial Supervision (Wet op het Financieel Toezicht). AACB is part of the ABN AMRO group of companies. The principles of the Code are applied by ABN AMRO in full to all relevant entities within its group of companies on a consolidated basis. In accordance with ABN AMRO's management framework, all members of the group are an integral part of the ABN AMRO organisation. The management framework entails that the bank's policies and standards related to compliance with internal and external regulations and best practises are applicable to the full group and consequently are defined at group level for implementation within the different parts of the organisation.

AACB implemented the relevant parts of the Code. A principle-by-principle overview of the manner in which ABN AMRO and its subsidiaries comply with the Dutch Banking Code 2010 is published on abnamro.com

The updated Code came into effect on 1 January 2015, along with the Social Charter (Maatschappelijk Statuut) that is complementary to the Code. The updated Code takes into account the recommendations of the Banking Code Monitoring Commission, the report of the Committee on the Structure of Banks, the government's views on the Dutch banking industry and the vision of the Dutch Banking Association. The new Code, along with the introduction of the Social Charter and implementation of the Banker's Oath (together with the associated rules of conduct and disciplinary rules) applicable to all employees of financial institutions in the Netherlands, emphasises the social role of banks and their commitment to meeting the expectations of society at large.

Shareholders

General Meetings of Shareholders

At least one General Meeting of Shareholders is held each year within six months of the end of the financial year. The General Meeting of Shareholders is entitled to adopt the annual accounts and important decisions regarding the identity or the character of AACB. The agenda must include at least the following matters: the annual report, the adoption of the annual accounts and the granting of discharge to the members of the Managing Board and the Supervisory Board.

The annual General Meeting of Shareholders of AACB was held on 25 June 2015. The General Meeting of Shareholders adopted the Annual Accounts 2014 and granted discharge to the members of the Managing Board and the Supervisory Board.

Legal structure

AACB is a wholly owned subsidiary of ABN AMRO, a company incorporated in the Netherlands.

AAG owns all shares (100%) in ABN AMRO. On 29 September 2011 the Dutch State transferred its shares in AAG to 'Stichting administratiekantoor beheer financiële instellingen' ('NLFI').

This governmental body, with an independent board, has been set up to manage the financial interests held by the Dutch State in Dutch financial institutions. NLFI issued exchangeable depositary receipts in return for acquiring the shares held by the Dutch State in ABN AMRO. NLFI is responsible for managing these shares and exercising all rights associated with these shares under Dutch law, including voting rights. Material decisions require the prior approval of the Minister of Finance. NLFI currently holds 77% of the ordinary shares in AAG, representing 77% of the voting rights. Following the IPO on 20 November 2015 the remaining 23% of the shares were listed on the Euronext Amsterdam exchange.

AACB provides its clearing and related services in Europe through AACB Amsterdam and through AACB's branches in Frankfurt and London. AACB has been a fully licensed bank since 30 September 2003. Under the Single Supervisory Mechanism (SSM) implemented in November 2014, AACB is subject to prudential supervision by the European Central Bank (ECB).

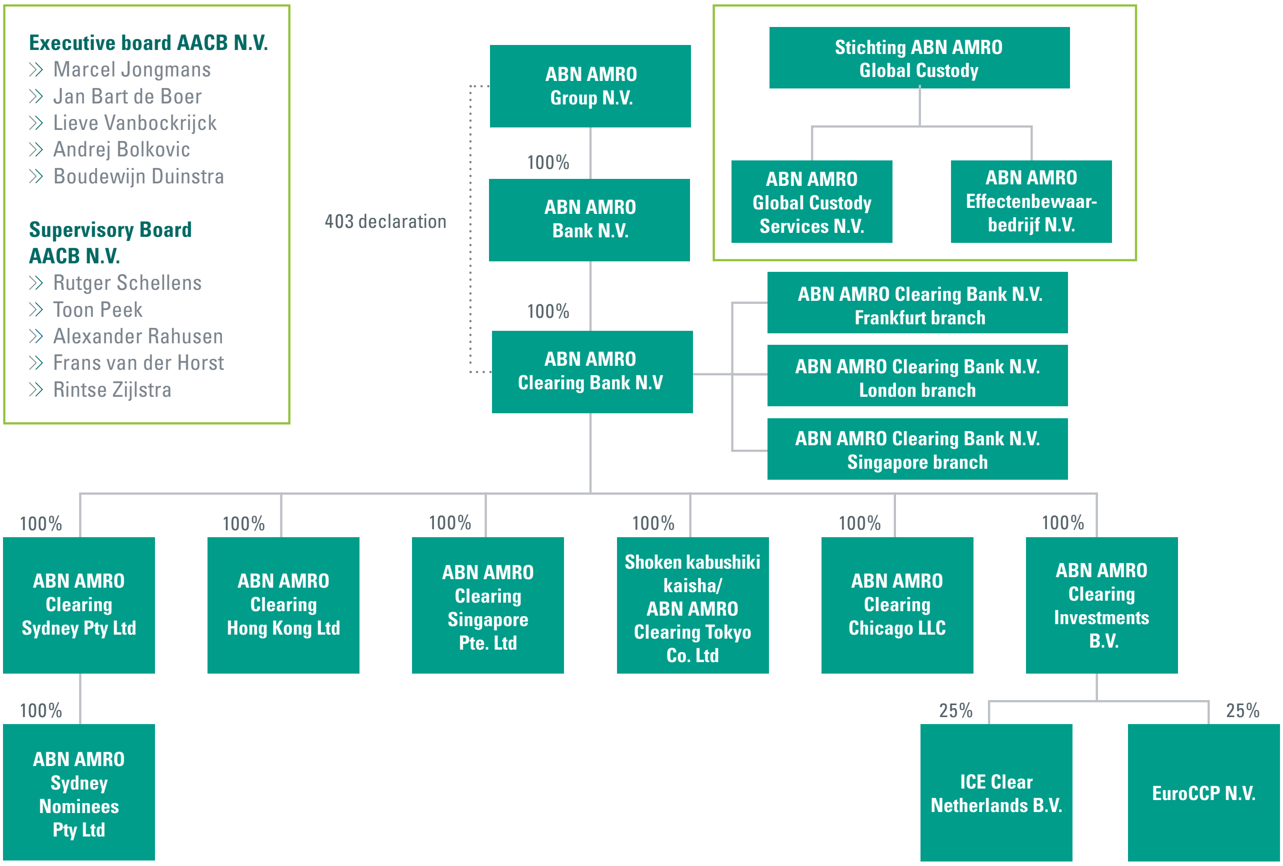
AACB provides its services outside Europe through its 100% subsidiaries ABN AMRO Clearing Chicago, ABN AMRO Clearing Sydney, ABN AMRO Clearing Tokyo, ABN AMRO Clearing Hong Kong, and ABN AMRO Clearing Singapore and through AACB Singapore Branch.

ABN AMRO Global Custody Services N.V. (AAGCS) is the safekeeping company of AACB and is charged with maintaining AACB clients' securities (with the exception of derivatives). AAGCS is structured as a bankruptcy remote vehicle.

Audit risk

An Audit Risk & Compliance Committee (ARC) is established as of November 2015. ARC is composed by compliance, legal, 2nd line of defence risk and three members of the Supervisory Board. ARC discuss audit, legal, risk and compliance related topics and will meet quarterly.

ABN AMRO Clearing Bank N.V. Group structure



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Regulatory environment

Global regulatory developments continued to have an impact on AACB's products & services, as well as its business- and operating model during 2015.

AACB is committed to meet all its regulatory obligations while seeking to minimise the impact on its clients, products and services. AACB is proactively monitoring and anticipating on new regulatory developments, whilst remaining well-prepared for upcoming regulatory changes. AACB is closely aligned with local and supranational regulators on all regulatory developments. In addition, AACB is in constant dialogue with, and actively involved in the proceedings of many market and industry groups.

During 2015 AACB focused on the implementation of legislation introduced in the wake of the G20 commitments following the financial crisis, most notably on derivative market transparency and the reduction of systemic risk. In addition, 2015 saw an increased emphasis on the impact of requirements related to capital, governance, leverage and liquidity within the Basel III framework globally.

The regulatory environment affecting AACB globally can be divided into three areas:

1. market and infrastructure reform
2. behaviour, transparency and governance
3. capital & tax.

Market Infrastructure Reform

The main development affecting market infrastructure in Europe remains the Markets in Financial Instruments Directive / Regulation (MiFID II and MiFIR). The MiFID II and MiFIR framework will be a complete overhaul of the market infrastructure and existing trading practices. It is aimed at increasing investor protection, mandatory exchange trading of certain Over The Counter (OTC) derivatives which were off-exchange traded, and a range of new transparency requirements. Given the complexities and delays in the publication of secondary legislation proposals, it is widely anticipated that the implementation of MiFID II/MiFIR will be delayed by at least one year. MiFID II and MiFIR are also anticipated to have cross-border implications for AACB's global business model. A significant development in the Netherlands concerns the amendment of the legislative framework enabling increased protection for derivatives holders against bankruptcy of their intermediary (a bank, investment firm or clearing institution).

The European Commission reviewed the entire European Market Infrastructure Regulation (EMIR) framework during the second half of 2015. Possible changes to the framework are anticipated from 2016 onwards.

Behaviour, transparency and governance requirements

Following years of market reform, we note that regulatory focus is shifting towards corporate governance and prudential requirements. ECB supervision has triggered a more rule-based approach with increased supervisory challenges. Globally, AACB is confronted with enhanced prudential requirements where it is key to ensure solid and sustainable corporate governance.

Regulatory reporting and transparency requirements continued to be a key focus in 2015. This particularly concerned requirements related to EMIR on derivative market transparency, as well as transparency of certain energy products within the Regulation for Energy Market Integrity and Transparency (REMIT) framework. Furthermore, the legislative process for Securities Financing Transparency Regulation (SFTR) that introduces a reporting regime for securities financing transactions was completed in 2015, with additional reporting requirements expected by 2017.

In the United States, the Commodity Futures Trading Commission (CFTC) produced a ground-breaking reform proposal for increased oversight capabilities and behavioural requirements related to automated trading on the US Designated Contract Markets (DCM). This is likely to have an impact on both US and non-US participants of the CFTC-regulated markets.

Capital & Tax

One of the most significant implementations aimed at reducing systemic risk is the EU-wide implementation of Basel III, Capital Requirements Directive IV/ Regulation (CRDIV and CRR). During 2015, ABN AMRO was heavily impacted by the Leverage Ratio (LR) as a result of the guarantee AACB provides to its client's performance at CCPs. Under the current interpretations, methodologies and guidance regarding the LR, the concept of netting exposures to CCPs for exchange-traded derivatives (i.e. futures and options) is not adequately recognised. On 27 October 2015, AACB and a number of large clients and exchanges reached out to the Basel Committee on Banking Supervision (BCBS) to advocate for an alternative method of calculating the LR that provides better differentiation between margined and unmargined trades and a more meaningful recognition of netting benefits. Furthermore, new tax rules by the Internal Revenue Service (IRS) in the US on dividend equivalence are likely to have significant effects on non-US participants in the derivative markets. This new measure implements a system to levy US withholding tax on positions in derivatives that are similar to holding the underlying equity. These derivative positions will be treated as receiving a substitute dividend payment on derivatives based on US-listed equities (Equity Linked Instruments). The new rules aim to create a new tax (and withholding) regime that would ensure that foreign investors in derivatives based on US dividend-paying stocks cannot get a better tax (and withholding) result than when holding the actual underlying stock.

Corporate social responsibility

Sustainability

AACB aims to be a sustainable global clearinghouse. This ambition is part of the broader Corporate Social Responsibility policy of ABN AMRO, aiming to create a better bank for a better world. We believe it is important to take responsibility, not just for our firm but also for other stakeholders like our clients. Sustainable business operations and relations should in the end benefit society.

An example of the way we put our ambition into practice is the sustainability screening questionnaire AACB introduced in the summer of 2015. This internal questionnaire is part of the client due diligence and on-boarding procedure and covers relevant social themes. The answers we receive contribute to an in-depth and comprehensive picture of the client's potential sustainability risks. All new clients are now screened, and existing clients will be screened regularly in the client review process.

The vast majority of AACB clients are classified as neutral risk. An increased risk profile of a client will results in a more frequent sustainability review and more direct interaction with the client on how to improve their sustainability rating. Only a limited number of clients are currently classified with an increased risk profile, mainly due to the qualification of their shareholders rather than because of the nature of their business.

Charity initiatives

Our Corporate Social Responsibility policy also covers participation in charity initiatives. It is our goal to give something back to the cities hosting our offices and to actively support local communities and youth initiatives. We'd like to share a few of the initiatives of last year to document our commitment.

Our Chicago staff has actively supported Misericordia, a local home for 600 disadvantaged persons, for 2 years now and this support makes a real difference in the lives of the Misericordia residents, our local community and many of our clients and colleagues. Misericordia/Heart of Mercy strives to maximize the level of independence and self-determination of its residents within an environment that fosters spirituality, dignity, respect and general enhancement of the quality of life. It promotes development of family and community support, community awareness, and education. We support this effort through volunteering and sponsorship.

For the 5th year now AACB has organised the Amsterdam Investor Forum (AIF), a landmark conference for alternative investments. In lieu of asking an attendance fee, participants are invited to pay a contribution to a charity supported by the local alternative investment industry, Alternatives for Children (A4C). The initiative receives generous support. A4C currently supports five projects around the world. One of these projects is called the MashUp Academy and based in Amsterdam. It helps children in underprivileged areas to develop leadership. It combines art, leadership development and character education to help youngsters to develop essential social skills and improve their capacity to become leaders in their schools and communities.

In May 2015 the Sydney office held a morning tea fundraising event for the communities affected by the April 25th Nepal regional earthquake. Many of the staff had baked, cooked, and brought in a smorgasbord of cakes, cookies, and other delicacies for everyone to snack on while donating to the Nepal Earthquake Appeal (or donate anonymously via a special website). The raised amount was donated to the Australian Red Cross. The Sydney office regularly takes similar initiatives, as also witnessed by the Pink Ribbon Morning Tea event that raised donations for the Cancer Council Pink Ribbon Foundation.

Many more activities are organised by our staff worldwide, too many to mention here. The examples above illustrate the energy mobilized by our staff for a better world – with full support of AACB.

Human resources

Our people are our strength. Their combined strength is greater than the sum of individual skills. To develop this combined strength the management of AACB has taken the lead in inspiring and empowering our staff to create a sense of belonging and common purpose.

The three pillars of this common purpose are: global, sustainable and industry leadership.

AACB's operations are global. Staff members in our offices worldwide cooperate on a global level, based on a deeply ingrained sense of mutual trust. We nurture global thinking by sharing universal practices and using global monitoring.

AACB creates a sustainable business by making sure it is financially healthy, both for our clients and for the company. This means being receptive to our client needs, making the right investments in people and infrastructure, and being accountable for our decisions.

AACB has to be innovative, come up with global solutions for our clients, when aiming to be an industry leader. New or changing regulations, digital developments and market innovations provide a challenging environment in which we need to come up with agile solutions.

These pillars are interlinked on every level. Industry leadership is based on global thinking and global cooperation, resulting in global solutions for our clients. In doing so AACB creates a sustainable company with a stable and growing customer base and an increasing market share worldwide.

Attracting and selecting the right talent is obviously an important part in achieving our goals. We need collaborative problem solvers, empathic team players, and for niches true content experts. AACB needs people with the ability to grow and operate worldwide. The internal mobility of employees within AACB proves we are on the right track.

Personal development is key for personal growth within the company and the proper execution of our strategy. Employees need the right self-awareness to stay fit for the job: they adapt, learn and know what skills and mind-sets they need to develop. In return we aim to fairly reward successful achievements.

As a company AACB can better demonstrate global leadership and be more sustainable when having skilled and motived staff. Focussing on personal development has repeatedly proven to be a rewarding strategy, as a prerequisite for delivering a superior client experience.

Global compliance

AACB is on a journey with high potential and opportunities but with hugh social responsibility. Continuously updated and expanded regulation across the globe plays a significant role in our daily work and its costs. But rather than just ‘doing enough’ to comply, we are committed to being best in class. Compliance is not just about adhering to fair market practices, but also about showing our stakeholders we take our obligations to them seriously. We see compliance as creating a competitive advantage and using it to build a sustainable business.

A new initiative to strengthen a culture of compliance

In 2015 we launched the ‘Global Compliance Awareness Week’, a new initiative. Our theme was ‘Connect to Protect’. All staff was involved in this interactive and engaging week aimed at taking a fresh look at compliance and what it means for each and every employee. The programme was launched globally by a personal message from the CEO of ABN AMRO G. Zalm, showing the importance of compliance. Our own CEO, M.C. Jongmans addressed the issue of protecting the interests of both the firm and our stakeholders. ABN AMRO Management Board member C.E. Princen participated in a town hall meeting concerning Compliance Awareness during which the Chairman of our Supervisory Board, R.V.C. Schellens facilitated a dilemma session on this topic for our staff in Amsterdam. Worldwide senior management participated in interactive sessions with employees in their respective offices. It helped create an atmosphere of healthy challenge, a compliance mind-set and legal awareness. The sessions provided new insights in how to approach compliance concepts in day-to-day work. The bottom line is that protecting AACB is the joint responsibility of each and every employee.

The benefit of Global Compliance Awareness Week is best summarised by M.C. Jongmans: “The Compliance Awareness week has been successful in creating a common understanding to what rules and principles we operate in on a global basis. We do the right thing not just because it is written, but because it is part of our DNA, part of our commitment to the financial markets and to our customers. Compliance affects us all. It is about taking responsibility and making sound, informed decisions as expressed in our business principles”.

Through 2015 AACB took several measures to work seamlessly across the globe as one compliance organisation. We worked towards making our firm more nimble in embracing new and upcoming regulations, e.g. looking at the potential benefit of regulation for our business. Compliance is now working far more closely with business while maintaining independence and exercising countervailing power.

In 2016 we will continue building further on our solid foundations by creating a more robust and recognisable Global Compliance Framework. We aim to move compliance from a reactive mechanism to a proactive force that assists as well as challenges business in achieving its goals by operating within the Global Compliance Framework.

Business description

A focused commercial approach

AACB is one of the world's leading providers of clearing and financing services for listed derivatives and cash securities, OTC products, warrants, commodities and FX. AACB plays a central role in the financial market infrastructure. Together with its clients and partners, AACB contributes to a more efficient and transparent financial system. AACB has a business model purely client driven.

AACB also provides its clients with access to market infrastructure, securities lending, settlement, custody and asset servicing. AACB covers all major exchanges and is connected to over 150 liquidity centres across Europe, the US, Brazil and Asia Pacific. AACB provides clearing and financing across all assets classes and has market shares of 25% or higher on many of the major exchanges on which it operates. This results in a global top three position based on turnover and market share[1].

AACB aims to further grow its revenue base mainly in the Principal Trading Group, with high penetration already, and Corporate Hedgers areas. In addition, AACB believes it will gradually grow and diversify its revenue base into other client segments such as alternative investment managers.

Principal Trading Groups

A Principal Trader is a company generally acting as a market maker or liquidity provider on regulated markets and trading with its own capital only. AACB built its global business in close collaboration with market maker groups that started their business on the different trading floors in major financial centres.

By closely following the needs of these clients and by developing our systems to satisfy their high profile demands, AACB has become a reference provider for principal trading groups around the world. We offer multi-market and multi-product services to globally leading firms. We do recognize that most of our larger clients started out small, and we continue to help niche players and start-ups to get to market.

FOW INTERNATIONAL AWARDS 2015

Proprietary Traders Clearing.

Firm of the year.

Corporate Hedgers

A Corporate hedger is company that makes significant use of commodities in their business process. These companies may want to hedge the price risk of the underlying commodities, as required from a risk management perspective. AACB has a longstanding history and commitment across listed commodity derivatives. This is particularly interesting for those corporates that need to hedge the underlying commodities. AACB covers a wide range of commodities, including agricultural, base and precious metals, oil and energy related products.

1 Source: EUREX member ranking / StatistiX®, January - December 2014

AACB has established itself as a reference with an execution team covering most listed commodity products (futures & options) from our offices in London, New York and Chicago. These offices have understanding of the needs of commercial hedgers, industrial clients and producers that are looking for a combination of specialist clearing expertise and global execution capabilities.

Investment managers and financial institutions

AACB offers fully integrated Prime Brokerage services across multiple asset classes. Our Prime Brokerage platform enables clients to trade globally, while centralising all clearing, settlement, financial and administrative services. By leveraging on our global clearing leadership position across markets AACB continuously grows and develops its franchise to meet our clients' needs.

AACB believes it is particularly well positioned to leverage on its clearing experience when it comes to servicing hedge funds and asset managers that are employing one of the following strategies:

- Long/short equity strategies,
- Relative value strategies
- Volatility arbitrage strategies
- Quantitative strategies

The 5th edition of the Amsterdam Investor Forum (AIF) was organised in February, 2016. This landmark event in the Netherlands for alternative investors and managers meets with great success. More than 250 delegates attended most inspiring keynotes and topical industry focused panel discussions. It underlines AACB's commitment to service this part of the financial industry with value added initiatives.

AACB's clients are serviced out of three regions, Europe, United States and Asia Pacific:

Europe

Europe is the home of AACB. Four offices (Amsterdam, London, Frankfurt and Paris) cover the exchanges from Dubai in the east to Scandinavia in the north. Our European operations are our centre of excellence with many of our staff dedicated to the development, improvement and maintenance of the AACB global systems.

The year 2015 represented a turnaround in terms of volumes cleared via major stock exchanges. In Europe we posted a number of record volume days during the year and overall we saw a significant lift in volumes compared to previous years.

AACB added a number of new clients in the European region in 2015, including several global trading and commodity groups. While remaining a market leader in the key European equities and futures markets, we are now concentrating on improving our representation in the exchange traded energy and commodities contracts segment.

Also in 2015 we finalised the major operations offshoring program, which started a year earlier and primarily affected our European operations.

United States

Like Europe, the US operations led from our Chicago office recorded multiple days of record trades in 2015.

2015 was a pivotal year for our Chicago office. We completed several internal control programs which provide tools to run a sustainable business. We provide clearing services for new exchanges launched during the year, improved our product offering in the equity option market, implemented new stock loan tools, transferred our Exchange Traded Fund (ETF) desk from New York to Chicago to improve operational efficiencies and made material progress on our cybersecurity program. Overall, development of our business continued at a rapid pace.

The company showed growth and increased maturity in different aspects: processes, controls, standards and expectations.
In 2016, our focus in the US is on the migration to a common global securities back office processing system, in line with all other offices. This will enable the introduction of product extensions with multi-currency capabilities, an improved fixed income offering and the expansion of our FX offering.

We are also finalizing discussions with a global execution vendor to partner up and provide enhanced Financial Information exchange (FIX) execution tools to our customers.

Asia Pacific

With offices in Singapore, Hong Kong, Sydney and Japan we cover the APAC market. The APAC markets experienced high volatility in 2015 and an associated increase in volumes. The high volatility was due to rise of the Chinese market after the opening up for non-domestic investors through Shanghai-Hong Kong Stock Connect and the renewed expansion of Japan. But also due to the subsequent fall of China after significantly lower expectations about the Chinese economy in August 2015. Coupled with the addition of some new clients, volumes in APAC approximately doubled in 2015.

For China, the year had started well. AAC and clients alike made plans for significant expansion in China. Before these plans could be realised, the China markets sell off intervened to significantly delay those plans. In the long run however, we continue to see a prominent role for China, and so do our clients.

We made significant improvements to our securities finance offering, moving to a mandate which enables direct access to street side counterparties. This has produced important efficiency gains resulting in new client acquisition and increased volume.

Our market shares in APAC continuously demonstrate our added value, ranking first in derivatives and within the top 5 for equities.

Our Hong Kong operations experienced an invigorating year, materially benefitting from the rise of China and spill over into Hong Kong markets, clearing access to Shanghai Connect was established for selected clients.

During 2015 a number of exchanges implemented pre-trade risk management layers in response to Basel III qualifications for Central Counter Parties (CCPs). This additional layer of risk controls, whilst not removing the obligation for the broker to risk control its clients, has improved the risk management for all participants.

On 17 February during the SGX annual Awards Night AACB received the following awards;
- Top SGX-DT NLT Member 2015 (Options) First
- Top SGX-DT Member 2015
- Top SGX-ETF performance 2015

Risk management

Risk appetite

A bank's risk appetite determines the level and nature of risk that it is willing to take in order to pursue its strategy, taking all stakeholders into consideration. The risk appetite clarifies the use of risk capacity across the different risk types, businesses and operating entities, in this way optimising risk and return. AACB's risk appetite is aligned with ABN AMRO's corporate strategy and thus set with a view to create a moderate risk profile. It takes into account all risk types of the risk taxonomy relevant for AACB, more particularly the main risk types – credit, market, operational, liquidity and business risk – and sets limits on AACB's overall risk-taking capacity. It is monitored monthly by benchmarking actual and expected risk profiles so that corrective actions can be defined. This risk appetite is reviewed annually and approved by all relevant committees within the bank.

Risk governance

As a 100% subsidiary of ABN AMRO, AACB is part of ABN AMRO's governance, i.e. its Three Lines of Defence model, its risk decision framework and its product approval process.

The First Line of Defence – risk ownership – resides in each business (e.g. AACB), whereby management in each business (e.g. AACB management) is primarily responsible for the risks they take, the results, execution, compliance and the effectiveness of risk control.

The Second Line of Defence – risk control – is formed by the risk control functions that are responsible for setting frameworks, rules and advice, and monitoring and reporting on execution, management, and risk control.

The second line ensures that the first line takes risk ownership and has approval authority on credit proposals above a certain threshold. Various departments of ABN AMRO such as Compliance, Sustainability, Legal, Tax and Finance (including ALM) service AACB in exerting the required risk control.

The Third Line of Defence – risk assurance – is the internal audit function. ABN AMRO's Group Audit department evaluates the effectiveness of the governance, risk management and control processes and recommends solutions to optimise the Group Audit coordinates matters with the external auditor, the Dutch Central Bank and the European Central Bank.

The risk decision framework of AACB is integrated in that of ABN AMRO. For example, AACB credit proposals need approval by the Central Credit Committee of ABN AMRO, or a subsidiary committee, following the credit delegation framework of ABN AMRO and advised by second line credit risk functions.

Moreover AACB does not engage in any proprietary trading as this is not part of its mandate. It operates at arm's length from ABN AMRO and provides a clearing service as an independent market participant with a focus on third parties.

The risk models used by AACB require formal approval by a subsidiary committee of the ABN AMRO Group Risk Committee (GRC) and are reviewed and validated at least annually.

Management of risks

Sound risk management is a cornerstone of AACB's business model. Risk centres are operated in various time zones around the world, and these local risk centres are supported and governed by various risk functions at headquarters in Amsterdam. The local risk management staff monitors client activity on a daily and intraday basis to ensure that all clients stay within the agreed market and credit risk parameters.

Although AACB does not run market risk on its own, it will encounter market risk as a result of its credit activities: (i) AACB explicitly guarantees, as a third party clearing member, the fulfilment of obligations towards clearing houses and other third parties arising from customers' transactions. In the event of a client defaulting, AACB has the legal obligation to settle all the client's positions with the relevant clearing houses, possibly at a loss. Additionally, (ii) AACB provides credit lines to clients to leverage business opportunities and enable them to hedge their derivatives inventory with shares and bonds.

To manage the above, all client exposures are fully collateralised. For the potential exposures that result from client portfolios, clients need to deposit collateral with AACB which is assessed on a daily and intraday basis. These so called margin requirements are based both on realised changes in the value of the client portfolios and on potential changes based on very conservative scenario analyses and stress tests that are conducted on a daily and intraday basis.

From a legal perspective both in the case of clearing and financing and of securities borrowing and lending services, all portfolios are fully pledged to AACB with the margin requirements that apply, and these exposures and portfolios are over-collateralised at all times. In addition, AACB has the contractual ability to immediately seize and liquidate the client's portfolio should the client fail to meet the collateral requirements. Hence, in the event of a violation, a client is requested to deposit additional collateral and / or reduce the risk in the portfolio. In case of default, the portfolio of the client can be taken over by AACB and can be liquidated.

In addition to managing market and thus credit risk, the AACB risk departments conduct market surveillance activities on clients for which AACB acts as the executing broker that transmits their orders to the trading platforms. Also, they ensure that the exposures towards brokers, clearing houses, financial institutions and other counterparties that AACB faces in its capacity of General Clearing Member, stay within the limits that are approved within ABN AMRO's risk committees.

Due to the nature of AACB's activities, its financial assets and liabilities are generally of a short term nature. Primarily non-committed credit facilities with short tenors are provided to clients. One overall global liquidity funding line is obtained from ABN AMRO. Internally the liquidity is managed around the clock by three dedicated Treasury centres; one in each time zone.

Virtually all client inventories consist of liquid exchange traded securities and derivatives. Consequently the book values do not differ materially from the market values and everything is very transparent when it comes to valuation of portfolios.

Next to the intense focus on the market and credit risks on both client and street side, AACB pays specific attention to the operational risk component of its business model. Dedicated operational risk staff constantly monitor the operational risk profile of the firm by keeping track of up-to-date operating procedures, potential operational losses, proper follow up of audit points, information security management, business continuity testing and many other aspects that contribute to a safe working environment and optimal protection of clients' assets. Finally AACB is also exposed to regulatory risk as it is operating in a highly regulated environment.
Home regulators are European Central Bank (ECB),

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De Nederlandsche Bank (DNB) and Autoriteit Financiële Markten (AFM) while the other locations around the world AACB also interact with local regulators such as the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Germany), the Financial Conduct Authority (FCA, United Kingdom), the Securities and Exchange Commission (SEC, United States), the Monetary Authority of Singapore (MAS) and many others. In addition AACB deals with many different exchanges and central clearing houses that mandate their own rules and regulations. New regulations such Dodd-Frank, EMIR, MiFID II and Basel III also have a profound impact on AACB and its client base. Local Compliance departments in every country ensure constant compliance with all these regulations and maintain communications with the various regulators to protect the firm from regulatory risk.

Audited To illustrate the amount of inventory financing that is provided by AACB and the total outstanding client credit facilities (excluding ABN AMRO Group companies), the figures including utilisation are as follows:

EUR billion	2015	2014
Total outstanding client credit facilities	29,95	27,12
Total utilisation	10,75	11,17
Of which: total debit cash utilisation	4,90	5,88
Of which: total short stock utilisation	5,85	5,29

In 2015 AACB had one default (2014: two) and a default rate of 5,09 bps (2014: 0,27 bps) on overall outstanding credit lines of EUR 29,95 billion (2014: 27,12 billion). The higher loss in 2015 resulted from the unprecedented move in the Swiss Franc in January 2015.

Audited Credit risk mitigation

Credit risk mitigation considers techniques that reduce credit risk associated with a credit facility or exposure. Credit risk mitigation mainly relates to collateral management and guarantees, offsetting financial assets and liabilities and enforcing master netting agreements or similar instruments.

Collateral management and guarantees

The clients of AACB deposit funds and liquid marketable securities with AACB. These assets serve as collateral for credit facilities or market risk of these clients. In the event of default and subsequent liquidation AACB has priority rights on the proceeds of the clients asset because the collateral is pledged to AACB or we have a lien or other type of security right. Collateral is a way to mitigate or reduce credit risk associated with a credit facility or exposure. In addition, under certain predefined conditions, collateral can also result in a reduction in both regulatory capital and economic capital. All types of collateral should comply with pre-defined eligibility criteria. Collateral is monitored regularly to ensure eligibility and sufficient value.

Audited Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported on the Statement of financial position if there is a legally enforceable right to set off the recognised amounts and there is either an intention to settle on a net basis or an intention to realise the asset and settle the liability simultaneously. The credit risk exposure is largely mitigated by receiving collateral from clients.

Enforceable master netting agreements or similar instruments

In addition to the above, enforceable master netting agreements taking into account provisions that make netting and offsetting exercisable in the event of default of the client are entered into. Furthermore, AACB may upon request of clients enter into master netting arrangements, such as derivative clearing agreements, global master repurchase agreements and global master securities lending agreements, which also take into account provisions that make netting and offsetting exercisable in the event of default.

Audited

Offsetting, netting and collateral & guarantees

(x EUR 1.000) 31 December 2015

Assets	Carrying amount before balance sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master Netting agreement	Collateral	Total Risk mitigation	Surplus Collateral	Net exposure
Cash and balances at central banks	57.837		57.837			-		57.837
Financial assets held for trading	45.641		45.641			-		45.641
Financial investments	81.207		81.207			-		81.207
Securities financing	8.176.268		8.176.268	276.369	9.732.577	10.008.946	1.834.089	1.411
Loans and receivables - banks	1.992.284		1.992.284	673.735	1.384.636	2.058.371	1.384.463	1.318.376
Loans and receivables - customers	11.389.364		11.389.364	3.031.929	16.263.906	19.295.835	11.775.045	3.868.574*
Equity accounted investments	22.733		22.733			-		22.733
Other	65.657		65.657			-		65.657
Total assets	**21.830.991**	**-**	**21.830.991**	**3.982.033**	**27.381.119**	**31.363.152**	**14.993.597**	**5.461.436**

Liabilities	Carrying amount before balance sheet netting	Balance sheet netting with gross assets	Carrying amount	Master Netting agreement	Net amount
Financial liabilities held for trading	51.633		51.633		51.633
Securities financing	1.040.986		1.040.986	276.369	764.617
Due to banks	10.770.485		10.770.485	673.735	10.096.750
Due to customers	8.803.117		8.803.117	3.031.929	5.771.188
Other	220.445		220.445		220.445
Total liabilities	**20.886.666**	-	**20.886.666**	**3.982.033**	**16.904.633**

* In AACB's business model each client exposure is covered by collateral. The remaining amounts in the net exposure column mainly consist of margin and default funds placed at CCP's and cash at own bank accounts.

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(x EUR 1.000)								31 December 2014
Assets	Carrying amount before balance sheet netting	Balance sheet netting with gross liabilities	Carrying amount	Master Netting agreement	Collateral	Total Risk mitigation	Surplus Collateral	Net exposure
Cash and balances at central banks	21.166		21.166			-		21.166
Financial assets held for trading	26.017.504	25.916.000	101.504			-		101.504
Financial investments	47.457		47.457			-		47.457
Securities financing	9.604.377		9.604.377	47.858	9.992.145	10.040.003	971.101	535.475
Loans and receivables - banks	5.716.483		5.716.483	4.195.280	330.030	4.525.310	-	1.191.173*
Loans and receivables - customers	11.045.959		11.045.959	2.152.633	14.129.230	16.281.863	8.312.780	3.076.876*
Equity accounted investments	21.280		21.280			-		21.280
Other	62.067		62.067			-		62.067
Total assets	**52.536.293**	**25.916.000**	**26.620.293**	**6.395.771**	**24.451.405**	**30.847.176**	**9.283.881**	**5.056.998**

Liabilities	Carrying amount before balance sheet netting	Balance sheet netting with gross assets	Carrying amount	Master Netting agreement	Net amount
Financial liabilities held for trading	100.365		100.365		100.365
Securities financing	1.135.840		1.135.840	47.858	1.087.982
Due to banks	43.355.055	25.916.000**	17.439.055	4.195.280	13.243.775
Due to customers	6.923.713		6.923.713	2.152.633	4.771.080
Issued debt	325		325		325
Other	190.169		190.169		190.169
Total liabilities	**51.705.467**	**25.916.000**	**25.789.467**	**6.395.771**	**19.393.696**

* In AACB's business model each client exposure is covered by collateral. The remaining amounts in the net exposure column mainly consist of margin and default funds placed at CCP's and cash at own bank accounts.
** This amount reflect the Interest Rate Swap position of ABN AMRO Sales and Trading.

Audited Stress testing

Being part of ABN AMRO, AACB takes part in the ABN AMRO-wide stress testing programme which applies stress testing on a regular basis to assess the effect of stress events on the bank. These include sensitivity analysis with respect to specific risk drivers, scenario analysis regarding potential relevant scenarios and reverse stress testing. The main objectives of stress testing are to ensure that AACB keeps operating within its moderate risk appetite, to increase risk awareness throughout AACB and to safeguard business continuity.

It is worth noting that also the monitoring of the client portfolios under extreme market scenarios and the stress parameters in AACB's risk management framework contribute towards meeting these objectives.

Audited Liquidity risk

Liquidity risk is the risk that a financial institution will be unable to meet its financial obligations on time. Liquidity risk management seeks to ensure that a financial institution is able to continue its business activities under normal and adverse (market) circumstances.

This includes meeting uncertain cash flow obligations that depend on external events and on the behaviour of other parties.

Liquidity risk management

Liquidity risk management is integrated in AACB's business activities. AACB's Treasury department monitors its actual and expected cash movements on a daily and an intraday basis.

In 2014 AACB set up a liquidity risk control framework in order to update and improve its liquidity management framework. The control framework sets the principles for prudent liquidity risk management and describes

- liquidity risk appetite;
- liquidity risk governance;
- day-to-day liquidity management (procedures);
- liquidity stress testing scenarios and outcomes;
- the contingency funding plan;
- liquidity monitoring and reporting framework;
- AACB's liquidity buffer requirement.

In accordance with its role as a general clearing member, AACB provides collateralised financing to its clients. Short term funding is provided to finance clients' positions and meet payment obligations (e.g. margin calls from central counterparties and settlements). In principle the short-term funding is uncommitted (overnight and legally documented) and collateralised. Exceptions have to be agreed upon as matched (term) funding has to be arranged in order to be in line with AACB's liquidity risk appetite. For its own funding requirements AACB predominantly relies on funding from ABN AMRO.

Monitoring liquidity risk

AACB's Treasury department monitors actual and expected cash movements on an intraday basis. The operating systems notify AACB's Treasury department on a daily basis concerning flow of funds.

Using this information, AACB's Treasury department keeps an intraday surveillance on the bank's liquidity position and ensures that sufficient collateral is on deposit. The liquidity position of AACB is communicated to ABN AMRO several times a day.

Liquidity stress tests are regularly performed in order to ensure the effectiveness of the liquidity management framework and the day-to-day liquidity management procedures. AACB analyses the impact that different scenarios may have on the bank and the environment in which it operates.

Scenario analysis is seen as an adequate tool as it enables AACB to assess its resistance to stressed environments or scenarios to be tested, as well as providing insight into measures that could reduce the overall risk profile. Thanks to this tight control, exposure to liquidity risk is low.

The (monthly) frequency with which AACB's Management Board meets ensures focused participation by senior management in the daily management of liquidity risks, as well as agility in identifying potential issues, and taking corrective decisions if necessary.

Audited Liquidity sensitivity gaps

The following table provides a maturity analysis of the earliest contractual undiscounted cash flows for assets and liabilities. It represents the short-term nature and cash flows of AACB's activities. Financial assets and liabilities are stated at fair value and non-financial assets and liabilities are stated at book value. The amounts include the accrued interest as stated in the balance sheet.

Operationally AACB has sufficient access to liquidity to cover normal course of business.

Liquidity sensitivity gap statement

(x EUR 1.000)

At 31 December 2015	0-1 months	1-3 months	3-12 months	1-5 years	Total
Fixed rate financial instruments	4.150.488	-	-	-	4.150.488
Variable rate financial instruments	16.068.946	371.152	-	-	16.440.098
Non-interest bearing financial instruments	1.124.034	17.670	33.044	-	1.174.748
Non-financial assets	65.657	-	-	-	65.657
Total assets	**21.409.125**	**388.822**	**33.044**	-	**21.830.991**
Fixed rate financial instruments	6.789.742	-	-	-	6.789.742
Variable rate financial instruments	9.219.684	1.673.111	2.509.667	-	13.402.462
Non-interest bearing financial instruments	463.947	4.696	10.422	-	479.065
Non-financial liabilities	215.072	-	-	325	215.397
Total liabilities	**16.688.445**	**1.677.807**	**2.520.089**	**325**	**20.886.666**
Net liquidity surplus / gap	**4.720.680**	**-1.288.985**	**-2.487.045**	**-325***	**944.325**

* This item concerns a private placement from AACB with a maturity of three years.

(x EUR 1.000)

At 31 December 2014	0-1 months	1-3 months	3-12 months	1-5 years	Total
Fixed rate financial instruments	672.761	2.854.996	-	-	3.527.757
Variable rate financial instruments	20.688.231	782.961	-	-	21.471.192
Non-interest bearing financial instruments	1.496.838	34.497	18.330	8.713	1.558.378
Non-financial assets	62.957	-	-	-	62.957
Total assets	**22.920.787**	**3.672.454**	**18.330**	**8.713**	**26.620.284**
Fixed rate financial instruments	19.454.829	2.992.889	-	-	22.447.718
Variable rate financial instruments	2.098.641	61.625	-	-	2.160.266
Non-interest bearing financial instruments	941.893	22.053	18.330	8.713	990.989
Non-financial liabilities	190.158	11	-	325	190.494
Total liabilities	**22.685.521**	**3.076.578**	**18.330**	**9.038**	**25.789.467**
Net liquidity surplus / gap	**235.266**	**595.876**	**-**	**-325***	**830.817**

* This item concerns a private placement from AACB with a maturity of three years.

Operational risk

AACB is exposed to operational risk arising from business processes and the IT infrastructure. Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, human error or external events. Some examples of operational risk are wrongful execution of an order, fraud, litigation for non-compliance with law, natural disasters and terrorism.

Operational risk within AACB is monitored and controlled by three complementary departments, in line with ABN AMRO's Three lines of defence model of as described earlier under Risk governance.

AACB successfully implemented and embedded, like ABN AMRO, a full operational risk control framework in line with the advanced measurement approach (AMA) regulatory technical standards. ABN AMRO submitted a request for approval (the so called AMA approval) towards ECB Q4 2015, and expects to receive a positive recommendation in the course of 2016.

Internal control

Operational risk management is promoted through the AACB internal control framework. Procedures and work instructions are in place to safeguard a controlled operational environment. The organisational structure of AACB ensures separation of duties and clearly defines decision-making powers and the allocation of responsibilities, including powers of representation. As part of the control framework, different instruments are used to identify, measure, mitigate, control risks. Instrument types are Strategic Risk Assessments (SRA), Risk and Control Self Assessments (RCSA), Change Risk Assessments (CRA) and Scenario Analyses. All risks are measured against the moderated risk profile of AACB, which is clearly stated within the Risk appetite statement.

Business continuity management

Business continuity management (BCM) provides a framework to respond to all possible crises endangering the continuity of business activities. BCM is embedded throughout AACB and compliant with ABN AMRO BCM policies and procedures.

Availability of business processes is a key aspect for the internal and external operations of clearing activities.

Business continuity plans (BCPs) are in place for each individual AACB location and aim to limit the impact of unexpected events on the continuity of services. Each BCP describes the procedures to be followed in order to maintain critical activities of the bank in the case of an emergency leading to the loss of one of the critical products/services or systems.

Training is provided on a continuous basis to Business Crisis Team members. Staff members are obliged to participate in BCP awareness sessions and receive BCP up-dates and e-learning sessions. On a regular basis Disaster and Recovery session are held, to test the key processes and IT infrastructure and support training for key staff.

Information Security risk management

The clearing business is an IT and information intense enterprise which requires a strong control framework to ensure confidentiality, integrity and availability of information. In order to effectively manage the threats and risks, an information security risk management framework has been implemented for all AACB locations using the market standards COBIT (Control Objectives for Information and related Technology) framework. Considering the dynamic and growing (external) threats in terms of IT and Cyber security, AACB is continuously monitoring and improvement of the control environment is one of the key activities.

The effectiveness of this plan is reported quarterly to the risk committees within AACB and ABN AMRO. Second Line of Defence functions validate the adequacy of evidencing of required controls by IT and Information Security functions.

Where necessary, improvements are identified and addressed in action plans to increase the level of monitoring over implemented controls.

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Information Technology risk

AACB's security metrics are based on a global information security framework. AACB has incorporated these controls to guarantee the accuracy and completeness of data processing. They are based on market standards COBIT and regulatory frameworks. All projects and major changes are assessed via a risk Change Risk Assessment (CRA) with cybersecurity being an integral part of the overall security framework.

In order to limit business risks related to the use of IT to a minimum, several internal control measures have been implemented, such as deploying a Business Support department as the intermediary between AACB's users and its IT development and business development functions. User access reviews take place on a regular basis.

Moreover, AACB's IT systems and networks are continuously monitored to assure availability, confidentiality and integrity. This is done for individual systems for AACB's critical business chains. There is strict control and separation of the IT environments used for developing, testing and production. Every year, AACB performs disaster recovery tests in every region for all the core systems to assure adequate functioning and identify aspects for further improvements.

Systemic risk

Participants in the financial infrastructure are systemically relevant, as a failure of one component will simultaneously affect a large number of players in the market. Systemic problems can arise if the functions of an affected component are not transferred to another party in a timely manner. The ability to transfer functions of an affected component depends on the size of the activities and on the specific market characteristics including local law and legislation and participants' contingency arrangements. As a clearing member, AACB is part of the financial infrastructure which interconnects various market participants.

The financial infrastructure is regulated and intensively supervised by regulatory authorities. The market infra-structure includes CCPs whose role it is to mitigate counterparty risk. Clearing members are required to pay initial margins up front to cover potential future exposure that the CCP runs on the positions of its clearing members. In addition to the paid upfront margin, CCPs also require clearing members to contribute into default funds (also known as guarantee funds). In the event of a default of a clearing member with losses greater than the initial margin and default contribution of the defaulting clearing member, the default contributions of other clearing members will be used to cover the losses. If these are depleted, there is a mandatory re-financing call to each of the remaining clearing members up to its prior default fund contribution, or alternatively the clearing member can hand in its membership. To a large extent, CCP clearing ensures that monetary losses as a result of a default of a clearing member are covered.

Audited Foreign exchange risk

AACB's activities in London, Singapore, Japan, Hong Kong, Sydney and Chicago mean that foreign exchange risk is borne on the net working capital of the London Branch and the equity positions of the Singapore, Japan, Hong Kong, Sydney and Chicago subsidiaries. Entering into foreign currency transactions with related parties financially mitigates this foreign exchange risk for AACB.

ABN AMRO is committed to providing immediate and sufficient access to funds. The Liquidity Management department calculates its intra-day and overnight cash position using internal cash forecasting systems. As AACB will have immediate access to funds when required based on the Master Clearing Agreement and all borrowings are posted in matching currency, the FX risk on funding is offset with the FX risk on borrowings, resulting in minimal foreign exchange risk.

The foreign exchange risk borne as a result of day-to-day operating activities is mitigated by entering into foreign currency transactions with other ABN AMRO group companies. As a result of the foreign currency transactions, the net position in foreign currency overall is nil.

Audited Interest rate risk

Interest rate risk is managed according to ABN AMRO's asset & liability management (ALM) framework as approved by ABN AMRO's ALCO Committee. This framework is designed primarily to transfer interest rate risk out of commercial business lines to central management of ABN AMRO, allowing for clear demarcation between commercial business results and results on unhedged interest rate positions. The execution of decisions and day-to-day management of positions is delegated to ABN AMRO's ALM/Treasury department.

Audited Management of capital requirements

On a sub-consolidated basis AACB meets the minimum capital and regulatory solvency requirements of Basel III. The 403 declaration deposited by AAG further safeguards the going concern basis of AACB.

(x EUR 1.000)	31-12-2015	31-12-2014
Capital		
IFRS Capital	944.325	830.827
Composition of Regulatory Capital:		
- Common Equity Tier 1 (CET1)	929.536	716.503
- Other Tier 1 Capital	-	-
- Tier 2 Capital	-	-
Total Regulatory Capital	**929.536**	**716.503**
Total Risk Exposure Amount (RWA)	2.446.853	4.126.847
CET1 ratio	37,99%	17,36%
Basel I floor ratio	11,71%	8,86%

(x EUR 1.000)	31-12-2015	31-12-2014
Geographic breakdown RWA		
Europe	73%	76%
US	19%	16%
APAC	8%	8%
Total	**100%**	**100%**

(x EUR 1.000)	31-12-2015	31-12-2014
Credit Risk breakdown per counterparty		
Clients	24%	23%
Central counterparties (CCPs)	15%	24%
Other	31%	19%
Third party exposures	70%	66%
ABN AMRO Intra-group	30%	34%
Total	**100%**	**100%**

Capital indicators versus risk appetite

AACB has set internal risk appetite limit and checkpoints for CET1 and Basel 1 floor ratios. The checkpoint serves as a buffer to ensure the ratios at Clearing bank level and will not fall below the regulatory limits and the ratios are steered when they move close to the checkpoint levels.

Annual Financial Statements

Consolidated income statement for the year ended 31 December 2015

(x EUR 1.000)	Note	2015	2014
Income			
Interest income		270.600	214.146
Interest expenses		140.326	119.742
Net interest income	1	**130.274**	**94.404**
Fee and commission income		1.127.791	877.203
Fee and commission expenses		884.353	677.396
Net fee and commission income	2	**243.438**	**199.807**
Net trading income	3	814	1.354
Share of result in equity accounted investments	4	960	887
Other income	5	8.563	47.877
Operating income		**384.049**	**344.329**
Expenses			
Personnel expenses	6	112.670	101.069
General and administrative expenses	7	157.439	143.681
Depreciation and amortisation of (in)tangible assets	8	10.578	9.683
Operating expenses		**280.687**	**254.433**
Impairment charges on loans and other receivables	9	14.790	-969
Total expenses		**295.477**	**253.464**
Operating profit / (loss) before taxation		**88.572**	**90.865**
Income tax expense	10	24.646	16.586
Profit (loss) for the year		**63.926**	**74.279**
Attributable to:			
Owners of the company		63.926	74.279

Consolidated statement of comprehensive income for the year ended 31 December 2015

(x EUR 1.000)	2015	2014
Profit for the period	**63.926**	**74.279**
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement gain / (losses) on Defined Benefit Obligation	100	-179
Associates	-7	-
Items that will not be reclassified to the income statement before taxation	**93**	**-179**
Income tax relating to Items that will not be reclassified to the income statement	-32	57
Items that will not be reclassified to the income statement after taxation	**61**	**-122**
Items that may be reclassified to the income statement		
Currency translation reserve	53.413	58.670
Available for sale financial assets	-5.172	3.915
Other comprehensive income for the period before taxation	**48.241**	**62.585**
Income tax relating to components of other comprehensive income	1.270	-919
Other comprehensive income for the period after taxation	**49.511**	**61.666**
Total comprehensive income/(expense) for the period after taxation	**113.498**	**135.823**
Total comprehensive income attributable to:		
Owners of the company	**113.498**	**135.823**

Consolidated statement of financial position as at 31 December 2015

Before profit appropriation

(x EUR 1.000)	Note	31 December 2015	31 December 2014
Assets			
Cash and balances at central banks	11	57.837	21.166
Financial assets held for trading	12	45.641	101.504
Financial investments	13	81.207	47.457
Securities financing	15	8.176.268	9.604.377
Loans and receivables - banks	16	1.992.284	5.716.483
Loans and receivables - customers	17	11.389.364	11.045.959
Equity accounted investments	19	22.733	21.280
Property and equipment	20	8.762	10.100
Intangible assets	21	7.175	8.749
Tax assets	22	13.167	14.685
Other assets	23	36.553	28.533
Total assets		**21.830.991**	**26.620.293**
Liabilities			
Financial liabilities held for trading	24	51.633	100.365
Securities financing	25	1.040.986	1.135.840
Due to banks	26	10.770.485	17.439.055
Due to customers	27	8.803.117	6.923.713
Issued debt	28	325	325
Provisions	29	4.533	5.656
Tax liabilities	30	16.164	12.359
Other liabilities	31	199.423	172.153
Total liabilities		**20.886.666**	**25.789.466**
Equity			
Share capital		15.000	15.000
Share premium		250	250
Other reserves (incl. retained earnings/profit for the period)		850.461	786.535
Other comprehensive income		78.614	29.042
Equity attributable to owners of the company	32	**944.325**	**830.827**
Equity attributable to non-controlling interests		-	-
Total Equity		**944.325**	**830.827**
Total Liabilities and Equity		**21.830.991**	**26.620.293**
Commitments and contingent liabilities	33	**11.588.918**	**8.309.926**

Consolidated statement of changes in equity

(x EUR 1.000)

	Share capital	Share Premium	Retained earnings	Remeasurement on net DBO on post-employment plans	Currency translation reserve	Financial investments reserve	Revaluation reserve	Unappropriated result of the year	Total
Balance as at 31 December 2013	**15.000**	**250**	**677.386**	**-216**	**6.600**	**9.186**	**-48.073**	**34.871**	**695.004**
Total comprehensive income				-122	58.670	2.996		74.279	135.823
Transfer			34.871					-34.871	
Dividend									
Balance as at 31 December 2014	**15.000**	**250**	**712.257**	**-338**	**65.270**	**12.182**	**-48.073**	**74.279**	**830.827**
Total comprehensive income				61	53.413	-3.902		63.926	113.498
Transfer			74.279					-74.279	
Dividend									
Balance as at 31 December 2015	**15.000**	**250**	**786.536**	**-277**	**118.683**	**8.280**	**-48.073**	**63.926**	**944.325**

Consolidated cash flow statement for the year ended 31 December 2015

(x EUR 1.000)	Note	2015	2014
Profit after taxation		**63.926**	**74.279**
Adjustments on non-cash items included in profit:			
Income of equity associates and partnerships		-960	-887
Depreciation, amortisation of (in)tangible assets		10.578	9.683
Provisions and impairments		14.707	205
Income tax expenses		24.646	16.586
Changes in operating assets and liabilities:			
Loans and receivables - banks		1.561.760	-2.199.230
Loans and receivables - customers		-143.461	30.829
Trade and other receivables		-69.003	511.999
Due to banks		-6.268.929	1.553.601
Due to customers		1.485.292	1.106.824
Net changes in all other operational assets and liabilities		-381.193	-498.814
Income taxes paid		-18.419	-14.870
Cash flow from operating activities		**-3.721.056**	**590.205**
Investing activities:			
Purchases of financial investments		-37.775	-1.263
Divestment of subsidiary	18	-	-9.618
Investing activities within the group		-500	-890
Divestment activities within the group		-	-2.458
Proceeds from sales, maturities and redemptions		27	6.892
Purchases of property and equipment		-4.643	-5.704
Purchases of other (in)tangible assets		-1.279	-7.774
Cash flow from investing activities		**-44.170**	**-20.815**
Financing activities:			
Issuance of debt certificates		-	325
Cash flow from financing activities		**-**	**325**
Net increase (decrease) of cash and cash equivalents		**-3.765.226**	**569.715**
Cash and cash equivalents as at 1 January		**5.734.410**	**5.100.248**
Effect of exchange rate variance on cash and cash equivalents		64.482	64.447
Cash and cash equivalents as at 31 December	**36**	**2.033.666**	**5.734.410**
Supplementary disclosures of operating cash flow information			
Interest income received		279.977	211.327
Interest expense paid		-136.063	-119.313
Dividend income received		5.468	1.144

Accounting policies

Corporate information

AACB has its statutory domicile in Amsterdam and is a wholly owned subsidiary of ABN AMRO. The financial statements of AACB and ABN AMRO are incorporated in the consolidated financial statements of ABN AMRO Group N.V. (AAG).

The Annual Financial Statements were prepared by the Managing Board and authorised for issue by the Supervisory Board and Managing Board on 18 May 2016.

For the purpose of its consolidated subsidiaries, AAG makes use of the exemption under the terms of Article 2:403 of the Dutch Civil Code, and has issued notices of liability. Based on this, AAG is joint and severally liable for any liability arising from the legal acts performed by AACB.

In principle, AACB is not engaged in any proprietary trading, operates at arm's length of ABN AMRO and therefore, provides clearing services as an independent market participant with its focus on third parties.

Third party clearing means that AACB guarantees its clients vis-á-vis the exchanges and central counterparties and undertakes the risk management of the (financial) positions of these often globally operating clients. AACB also handles the administration of positions and the financing of these positions for clients. The clients are predominantly on-exchange traders and professional trader groups but AACB also services financial institutions, banks, fund managers and brokers with its product portfolio. AACB does not service retail customers directly.

Statement of compliance

The consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). They also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code, as far as applicable.

Basis of presentation

The consolidated Annual Financial Statements are prepared in accordance with IFRS (as endorsed by the European Union) on the basis of the following principles:

- Fair value is used for:
  - Derivative financial instruments;
  - Financial assets and liabilities held for trading or designated as measured at fair value through income;
  - Available-for-sale financial assets;
  - Investments in associates of a private equity nature;
- Other financial assets (including loans and receivables) and liabilities are valued at amortised cost less any impairment, if applicable;
- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk;
- Non-financial assets and liabilities are generally stated at historical cost;
- Equity-accounted investments are accounted for using the net equity method.

The accounting policies used to prepare these 2015 consolidated Annual Financial Statements are consistent with those applied for the year ended 31 December 2014 except for the changes as mentioned under 'changes in accounting policies'.

The Annual Financial Statements are prepared under the going concern assumption. They are presented in euros, which is the functional and presentation currency of AACB, rounded to the nearest thousand (unless otherwise noted).

Changes in accounting policies

In 2015 AACB adopted the following amendments to IFRS: IAS 19 Defined Benefit Plans: Employee Contributions. The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for these contributions. The standard became effective on 1 July 2014 and was adopted by the EU on 1 February 2015. The amendments have no significant impact on the Annual Financial Statements.

Annual Improvements to IFRSs 2010-2012 Cycle. This cycle of annual improvements comprises a total of eight amendments related to seven standards. The amendments to IFRS 3 Business Combinations: Accounting for Contingent Consideration in a Business Combination, IFRS 8 Operating Segments: Aggregation of Operating Segments. Reconciliation of the total of reportable segments' assets to the entity's assets, and IFRS 13 Fair Value Measurement: Short-term Receivables and Payables, are the most relevant for AACB. These amendments have no significant impact on the Annual Financial Statements. The requirements of this set of amendments are to be applied for annual periods beginning on or after 1 July 2014 and were endorsed by the EU on 1 February 2015.

Annual Improvements to IFRSs 2011-2013 Cycle. This cycle of annual improvements consists of amendments to four standards. Two of these are relevant for AACB. These are the amendments to IFRS 3 Business Combinations: Scope Exceptions for Joint Ventures and IFRS 13 Fair Value Measurement: Scope of Paragraph 52 (portfolio exception). None of these amendments has a significant impact on the Annual Financial Statements. The effective date of this cycle of improvements is 1 July 2014 and the improvements were endorsed by the EU on 1 January 2015.

New standards, amendments and interpretations not yet effective

The following amendments to IFRSs are issued by the IASB and endorsed by the EU, but are not yet effective. The amendments are required to be applied from 1 January 2015. Note that only the amendments to IFRSs that are relevant for AACB are discussed below.

IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements. The objective of this amendment is to include the option to use the equity method of accounting in separate financial statements. Since AACB values participating interests in group companies at net asset value in accordance with Book 2, title 9 of the Dutch Civil Code this amendment has no impact.

IAS 1 Presentation of Financial Statements: Disclosure Initiative. This amendment is part of the Disclosure Initiative of the IASB. A portfolio of projects with the objective to improve the effectiveness of disclosures in financial statements. The amendments to IAS 1 are a further clarification of concepts such as aggregation, materiality and understandability and comparability of information. The amendment does not have a significant impact on the Annual Financial Statements.

IFRS11 Joint arrangements: accounting for Acquisition of Interests in Joint Operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment does not have a significant impact on the Annual Financial Statements.

New standards, amendments and interpretations not yet endorsed

The following new or revised standards and amendments have been issued by the IASB, but are not yet endorsed by the European Union and are therefore not open for early adoption. Note that only the amendments to IFRS that are relevant for AACB are discussed below.

IFRS 9 Financial Instruments: In July 2014 the IASB published the final version of the new standard that replaces IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018. IFRS 9 has changed requirements for Classification and Measurement, Impairment and Hedge accounting, in addition to containing extensive new disclosure requirements. During the year 2015 AACB and ABN AMRO put considerable effort into interpreting and implementing IFRS 9. A project was established with work streams that focus on the three areas of IFRS 9 (Classification & Measurement, Impairment and Hedge Accounting). Although significant steps have been taken in implementing IFRS 9, there are still several key steps to take. AACB expects that the main impact of implementing IFRS 9 arises from the significant changes to the impairment model. IFRS 9 replaces the 'incurred loss' model with the 'expected credit loss model'. The main impact of implementing this new impairment model is that credit risk losses will be recognised earlier and that forward-looking information will be incorporated in the loss calculation. This difference in approach will result in higher loan loss impairments and corresponding lower equity.

IFRS 15 Revenue from Contracts with Customers. This new standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. It is effective for annual periods beginning on or after 1 January 2018. AACB is currently assessing the impact of the new standard.

IFRS 16 Leases. The new standard on leases was issued by the IASB in January 2016 and will become effective on 1 January 2019. IFRS 16 replaces IAS 17 Leases and removes the distinction between 'Operational' and 'Financial' lease for lessees. The requirements for lessor accounting remain largely unchanged. AACB will start its impact assessment in 2016.

IAS 7 Statement of Cash Flows: Disclosure Initiative. The objective of the amendment is to improve information provided about financing activities and disclosure that help to understand the liquidity of an entity. The amendment does not have a significant impact on the Annual Financial Statements.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting policies and to make estimates and assumptions concerning the future. Actual results may differ from those estimates and judgmental decisions. Accounting policies for the most significant areas requiring management to make judgements and estimates that affect reported amounts and disclosures are stated in the related notes.

Assessment of risk and rewards

In cases where AACB is required to assess risks and rewards, when considering the recognition and derecognition of assets or liabilities and the consolidation and deconsolidation of subsidiaries, AACB may sometimes be required to use judgement. Although management uses its best knowledge of current events and actions in making assessments of expected risk and rewards, actual risks and rewards may ultimately differ.

Significant accounting Principles

The consolidated financial statements of AACB include the financial statements of the parent and its controlled subsidiaries. They incorporate assets, liabilities, revenues and expenses of AACB and its subsidiaries. Non controlling interests, held by third parties, in both equity and results of Group companies are stated separately in the consolidated financial statements.

Basis of consolidation

Subsidiaries are included using the same reporting period and consistent accounting policies. Intercompany balances and transactions, and any related unrealised gains and losses, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of AACB's interest in the enterprise. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Subsidiaries

Subsidiaries are those enterprises controlled by AACB. Control is deemed to exist when AACB has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are presently exercisable or convertible are taken into account when assessing whether control exists. Unless, in exceptional circumstances, it can be demonstrated that such ownership does not constitute control. Control also may exist when the parent owns one half or less of voting power but has the power to govern the financial and operating policies of the enterprise.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Equity attributable to non-controlling interests is shown separately in the consolidated balance sheet as part of total equity. Current period profit or loss attributable to non-controlling interests is presented as an attribution of profit for the year.

The annual financial statements of AACB include the following subsidiaries and branches:

Name	Entitlements	Established in the year	Consolidated in the year	Place registered office	Country
ABN AMRO Clearing Chicago LLC	100%	1994	2009	Chicago	United States
ABN AMRO Clearing Hong Kong Ltd	100%	1995	2008	Hong Kong	Hong Kong
ABN AMRO Clearing Sydney Pty Ltd	100%	1998	2008	Sydney	Australia
ABN AMRO Clearing Bank Frankfurt Branch	N/A	2004	2004	Frankfurt	Germany
ABN AMRO Clearing Bank London Branch	N/A	2004	2004	London	United Kingdom
ABN AMRO Clearing Singapore Pte	100%	2005	2005	Singapore	Singapore
ABN AMRO Clearing Tokyo Co Ltd	100%	2007	2007	Tokyo	Japan
ABN AMRO Clearing Bank Singapore Branch	N/A	2009	2009	Singapore	Singapore
ABN AMRO Clearing Investments BV	100%	2014	2014	Amsterdam	the Netherlands

Foreign currency

The consolidated financial statements are stated in euros, which is the functional and presentation currency of AACB.

Foreign currency differences

AACB applies IAS 21, The Effect of Changes in Foreign Exchange Rates. Transactions and balances in foreign currencies are translated into euros at the rate prevailing on the transaction date. The financial performance of AACB's foreign operations, conducted through branches, subsidiaries, associates and joint ventures, is reported using the currency ('functional currency') that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Prior to consolidation (or equity accounting), the assets and liabilities of non-euro operations are translated at the closing rate and items of the income statement and other comprehensive income are translated into euros at the rate prevailing on the relevant transaction dates. Exchange differences arising on the translation of foreign operation are included in the currency translation reserve within equity. These are transferred to the income statement when the AACB loses control, joint control or significant influence over the foreign operation or on partial disposal of the operation.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign operation, are recorded in equity (under revaluation reserves) in the consolidated financial statements, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets accounted for at cost and denominated in foreign currency are translated to the functional currency at transaction date.

Non-monetary assets accounted for at fair value in a foreign currency are translated to the functional currency using the exchange rate at the date when the fair value was determined.

Currency translation differences on all monetary financial assets and liabilities are included in operating income. Translation differences on non monetary items (such as equities) held at fair value through profit or loss are also reported through income and, for those classified as available for sale, directly in equity within 'Net unrealised gains and losses on available-for-sale assets'.

The following table shows the rates of the relevant currencies for AACB

	Rates at year end		Average Rates	
	2015	2014	2015	2014
1 euro =				
Pound Sterling	0,73	0,78	0,73	0,81
Singapore Dollar	1,54	1,61	1,53	1,68
Japanese Yen	131,21	145,04	134,30	140,36
Hong Kong Dollar	8,45	9,43	8,60	10,30
Australian Dollar	1,49	1,48	1,48	1,47
US Dollar	1,09	1,22	1,11	1,33

Recognition and derecognition

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, which is the date on which AACB becomes a party to the contractual provisions of the financial assets. Forward purchases and sales other than those requiring delivery within the time frame established by regulation or market convention are recognised as derivative forward transactions until settlement.

Traded instruments are recognised on the trade date, defined as the date on which AACB commits to purchase or sell the underlying instrument. In the infrequent event that settlement terms are non-standard, the commitment is accounted for as a derivative between the trade and settlement date. Loans and receivables are recognised when they are acquired or funded by AACB and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with AACB. Other financial assets and liabilities, including derivatives, are recognised in the balance sheet when AACB becomes party to the contractual provisions of the asset or liability.

Financial assets are generally derecognised when AACB loses control and the ability to obtain benefits over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or substantially all risk and rewards are transferred. Financial assets are also derecognised in the case that the bank has neither transferred nor retained substantially all risks and rewards of ownership but control has passed to the transferee.

Financial instruments continue to be recognised in the balance sheet, and a liability recognised for the proceeds of any related funding transaction, unless a fully proportional share of all or specifically identified cash flows are transferred to the lender without material delay and the lender's claim is limited to those cash flows and substantially all the risks and returns and control associated with the financial instruments have been transferred, in which case that proportion of the asset is derecognised.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished.

Classification of financial assets

The measurement of financial assets and their recognition in the income statement depend on the classification of the financial assets, being: (a) loans and receivables; (b) held-to-maturity investments; (c) financial assets at fair value through profit or loss and (d) available-for-sale financial assets. This classification determines the measurement and recognition as follows:

a. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They generally arise when money or services are directly provided to a customer with no intention of trading or selling the loan. Loans and receivables are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.
b. Held-to-maturity investments are non-derivative financial assets that consist of instruments quoted on an active market with fixed or determinable payments and fixed maturities for which the positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.
c. Financial assets at fair value through profit or loss include over the counter (OTC) derivatives and related equity positions.
d. Available-for-sale financial assets are those assets that are otherwise not classified as loans and receivables, held-to-maturity investments, or financial assets designated at fair value through profit or loss. They are initially measured at fair value with subsequent changes recognized in other comprehensive income.

Classification of financial liabilities

Financial liabilities are classified as liabilities held for trading, due to banks, due to customers, debt certificates, subordinated liabilities and other borrowings. Their measurement and recognition in the income statement depends on the classification of the financial liabilities being: (a) financial liabilities at fair value through profit or loss, or (b) other financial liabilities.
This classification determines the measurement and recognition in the income statement as follows:

a. Financial liabilities at fair value through profit or loss include OTC derivatives and related equity positions.
b. Other financial liabilities are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- a derivative (except for a derivative that is a designated and effective hedging instrument).

Assets and liabilities held for trading are initially recognised and subsequently measured at fair value through profit or loss. Such assets and liabilities arise where AACB is principal in a transaction between a client and a counterparty. The counterparty risk is monitored by AACB risk management. The (realised and unrealised) results are included in 'Other realised and unrealised gains and losses'. Interest received (paid) on assets (liabilities) held for trading is reported as interest income (expense). Dividends received are included in 'Dividend and other investment income'.

Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. AACB reviews all of its assets at each reporting date for objective evidence of impairment.

The carrying amount of an impaired asset is reduced to the net present value of its estimated recoverable amount, and the amount of the change in the current year provision is recognised in the income statement. Recoveries, write-offs and reversals of impairment are included in the income statement as part of 'Change in provisions for impairment'.

If, in a subsequent period, the amount of the impairment on assets other than available-for-sale equity instruments decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the provision account and is recognised in the income statement.

Impairment of loans and receivables

A financial asset (or group of financial assets) is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

AACB makes a distinction between two types of impairment losses:

1. Specific impairment losses for individual exposures if significant doubts arise over the customer's ability to meet its contractual obligation.
2. Incurred but not identified (IBNI) impairment losses are recognised for credit exposures in the performing portfolio that have to be identified at the balance sheet date. Specific or collective impairment has not yet taken place due to the period that passes between the moment that a loss event occurs and the moment when the bank identifies this event and establishes specific/collective impairment for the affected credit exposure. The scope of the calculation of the IBNI impairments covers all financial assets which are not yet recognised as impaired. All related off-balance items such as credit commitments are also included. The IBNI calculation uses the Basel II concept of expected loss on a one-year time horizon adjusted for IFRS elements such as applying a loss identification period (LIP) and a cycle adjustment factor (CAF).

Impairment of financial investments

For financial investments, the recoverable amount can be estimated as follows:

- the fair value using quoted market prices in an active market;
- If a market for the financial asset is not active, the fair value is determined with maximum use of market inputs, including recent arm's length market transactions and reference to the current fair value of another instrument that is substantially the same;
- If there is no active market for the financial asset and the estimate of value cannot be made reliably, the asset is reported at cost less impairment.

Impairment to available-for-sale equity instruments cannot be reversed through the income statement in subsequent periods.

The recoverable amount for financial assets at amortised cost is the estimated cash flow discounted at the original effective interest rate.

Notes

Notes to the consolidated income statement for the year ended 31 December 2015

1. Net interest income and expenses

Accounting policy for net interest income and expenses

AACB applies IAS 39 Financial Instruments: Recognition and Measurement. Interest income and expenses are recognised in the income statement on an accrual basis for financial investments, designated at fair value through profit or loss on non-trading derivatives using the effective interest rate method except for those financial instruments held for trading.

The effective interest rate method allocates interest, amortisation of any discount or premium or other differences including transaction costs and qualifying fees and commissions over the expected lives of the assets and liabilities.

The interest income is a result of current account balances, (exchange) margin and securities financing.

This item includes interest income and interest expense from banks and customers.

(x EUR 1.000)	2015	2014
Interest Income		
Of the Interest Income items the following amounts were related to:		
Interest income ABN AMRO Group companies	33.137	28.355
Interest income from associates	-	26
Interest income third party customers/banks	237.463	188.465
Total interest income	**270.600**	**214.146**
Interest Expense		
Of the Interest Expense items the following amounts were related to:		
Interest expense ABN AMRO Group companies	63.649	55.903
Interest expense to associates	226	43
Interest expense third party customers/banks	76.451	63.796
Total interest expense	**140.326**	**119.742**
Net interest income	**130.274**	**94.404**

2. Net fee and commission income

Accounting policy for net fee and commission income

Service Fees
Fees earned as services provided are generally recognised as revenue when the services are provided.

Fees recognised upon completion of the underlying transaction
Fees arising from negotiating, or participating in the negotiation of a transaction for a third party, are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete.

Transaction costs are included in the initial measurement of financial assets and liabilities other than those measured at fair value through profit or loss. Transactions costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to agents, advisers, brokers and dealers levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

(x EUR 1.000)	2015	2014
The components of net fee and commission are:		
Net commissions payment services	-3.359	-3.198
Net commissions securities and derivatives	246.293	198.401
Net commissions other	504	4.604
Total net fee and commission income	**243.438**	**199.807**
Of the net commissions and fees item the following amounts were with:		
Net fee and commission ABN AMRO Group companies	3.921	-614
Net fee and commission associates	2.434	-131
Net fee and commission third party customers/banks	237.083	200.552
Total net fee and commission income	**243.438**	**199.807**

3. Net trading income

Accounting policy for net trading income
In accordance with IAS 39, trading positions are held at fair value and net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities held for trading, interest income and expenses related to trading balances.

(x EUR 1.000)	2015	2014
Foreign exchange transaction results	814	812
Other	-	542
Total other (un)realised gains and losses	**814**	**1.354**

4. Share of result in equity accounted investments

(x EUR 1.000)	2015	2014
Total realised results on equity accounted investments	**960**	**887**

See note 19 for more information.

5. Other income

Accounting policy for other income
Other income includes all other banking activities such as market access services and results on disposal of assets.

(x EUR 1.000)	2015	2014
Dividend	5.468	1.100
Realised gain on financial transactions	4	39.526*
Other operating income **	3.091	7.251
Total other operating income	**8.563**	**47.877**

* The item of 2014 consist mainly of the sale of HCH shares by AACB.
** Other operating income consists of other services provide by AACB to its clients such as Direct Market Access facilities and Standard Bank Confirmations.

6. Personnel expenses

Accounting policy for personnel expenses
Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

Pension and post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions including: discount rates, salary increases and the expected return on plan assets. At the end of each reportin period the discount rate is determined by ABN AMRO. This is the interest rate that should be used by all subsidiaries to determine the present value of estimated future cash outflows expected to be required to settle the benefit obligations.

(x EUR 1.000)	2015	2014
Personnel expenses are specified as follows:		
Salaries and wages	85.266	75.634
Social security charges	9.419	9.446
Pension expenses	10.964	9.779
Other	7.021	6.210
Total personnel expenses	**112.670**	**101.069**

On a monthly basis the personnel expenses (including pension costs), concerning the employees of the Netherlands, are accrued and checked with ABN AMRO. On a quarterly basis the payable amounts are settled.

The pension expenses are mainly related to the defined contribution plan of the subsidiaries and the defined benefit plan in Frankfurt. For the pension policies of the employees in the Netherlands AACB refers to the Annual Report of ABN AMRO.

The remuneration of the Managing board members (5 FTE) in 2015 was EUR 1.752 thousand (in 2014 :EUR 1.610 thousand).
The ABN AMRO remuneration policy is applicable to all staff of AACB. The remuneration of the Supervisory Board members in 2015 was nil (2014: nil).

	2015	2014
The average number of FTEs related to staff expenses:		
Netherlands	322*	326*
United Kingdom	103	108
Germany	23	22
Belgium	1	1
France	4	4
Singapore	40	34
Japan	14	13
Australia	55	53
Hong Kong	22	23
United States	224	194
Brazil	7	6
Total	**815**	**784**

* The employees of the Netherlands have a contract with ABN AMRO with the respective expenses being charged by ABN AMRO to AACB.

7. General and administrative expenses

Accounting policy general and administrative expenses

General and administrative expenses cost are recognised in the period in which the services were provided and to which the payment relates.

Banking tax

In 2012 the Dutch government introduced a banking tax that becomes payable on 1 October of every year. Banking tax is a levy that is charged to the income statement at the moment it becomes payable. The tax will be paid by ABN AMRO and is included in the fiscal calculation. AACB is charged by ABN AMRO for the part in accordance with the result of AACB.

(x EUR 1.000)	2015	2014
Other general and administrative expenses can be broken down as follows:		
Agency staff, contractors and consultancy costs	48.399	45.729
Staff related costs	4.411	3.605
Information technology costs	24.784	21.126
Housing	8.623	7.627
Post, telephone and transport	806	815
Marketing and public relations costs	985	853
Recharges from ABN AMRO Group companies	55.281	53.140
Dutch banking tax	7.259	6.425
Other	6.891	4.361
Total general and administrative expenses	**157.439**	**143.681**

8. Depreciation and amortisation of (in)tangible assets

The accounting policy for depreciation and amortization is described in Note 20 and 21.

This item refers to the depreciation and amortisation of equipment and software.

(x EUR 1.000)	2015	2014
Leasehold improvements - depreciation	920	707
Equipment - depreciation	210	172
IT equipment - depreciation	5.611	5.536
Purchased software - Amortisation	3.688	3.213
Depreciation and amortisation expenses	**10.429**	**9.628**
IT equipment - depreciation rebilled by ABN AMRO Group	13	14
Purchased software - Amortisation rebilled by ABN AMRO Group	136	41
Total depreciation and amortisation expenses	**10.578**	**9.683**

9. Impairment charges on loans and other receivables

For details on the impairments we refer to the loans and receivables from banks and customers items in the balance sheet. Please see note 16 and 17.

(x EUR 1.000)	2015	2014
Total impairment charges on loans and other receivables	**14.790**	**-969**

10. Income tax expenses

Accounting policy for Income tax expenses, tax assets and tax liabilities

AACB is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise, except to the extent that it arises from a transaction that is recognised directly in equity.

The Dutch operations of AACB form part of a fiscal unity with AAG for corporate income tax purposes. As a consequence, it receives a tax allocation from the parent company. Such fiscal unity is also in place for value added tax. Abroad, the local operations form part of a tax grouping when possible under local legislation. Otherwise, it is seen as a separate taxpaying entity.

Due to the fiscal unity, the tax on Dutch deductible losses will be recognised in the income statement as far as the total AAG result is a profit.

(x EUR 1.000)	2015	2014
The details of the current and deferred income tax expense are presented below:		
Current tax	24.666	16.976
Deferred tax	-20	-390
Total income tax expenses	**24.646**	**16.586**

The table below shows a reconciliation between the expected income tax expense and the actual income tax expense. The expected income tax expense has been calculated by multiplying the profit before tax to the weighted average rate from branches and subsidiaries.

Profit before taxation	88.572	90.865
Weighted applicable tax rate	26,27%	29,78%
Expected income tax expense	**23.272**	**27.060**
Change in taxes resulting from:		
Tax exemptions	2.530	-8.308*
Adjustments for current tax of prior period	-1.417	-1.790
Other	261	-376
Actual income tax expenses	**24.646**	**16.586**
Effective tax rate	-27,83%	-18,25%

* This amount concerns the tax exemption on the sale of the shares of HCH.

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Country by Country reporting 2015

The following table provides an overview of total operating income, average number of FTE's and net profit/(loss) for the year per country.

Country	Principal subsidiary	Total Operating Income (x EUR 1.000)	Average number of FTEs	profit/(loss) before taxation (x EUR 1.000)	Profit (loss) for the year (x EUR 1.000)
Netherlands	ABN AMRO Clearing Bank N.V.	181.343	322	(8.208)*	(22.446)
International activities					
Great Britain	ABN AMRO Clearing Bank London Branch	19	103	4.053	3.299
United States	ABN AMRO Clearing Chicago LLC	102.453	224	36.675	36.675
Singapore	ABN AMRO Clearing Bank Singapore Branch	29.428	40	16.329	14.415
Japan	ABN AMRO Clearing Tokyo Co Ltd	17.494	14	9.592	7.262
Hong Kong	ABN AMRO Clearing Honk Kong Ltd	34.343	22	23.299	20.310
Australia	ABN AMRO Clearing Sydney Pty Ltd	18.969	55	6.243	4.037
Other			35	589	374
Total		**384.049**	**815**	**88.572**	**63.926**

* This loss is caused by the rebilled charges from ABN AMRO which aren't rebilled to AACB subsidiaries.

Notes to the consolidated income statement for the year ended 31 December 2015

(x EUR 1.000)

Assets

11. Cash and balances at Central banks

Accounting policy for Cash and balances at Central banks
Cash and balances at Central banks comprise cash on hand, freely available balances with central banks and other non-derivative financial instruments with less than three months maturity from the date of acquisition.

All cash and cash equivalents are available for use in AACB's day-to-day operations.

(x EUR 1.000)	31 December 2015	31 December 2014
Total cash and balances at Central banks	**57.837**	**21.166**

12. Financial assets held for trading

Accounting policy for Financial assets held for trading
In accordance with IAS39, all assets and liabilities held for trading are held at fair value with gains and loses in the changes of the fair value taken to Net trading income in the income statement. Financial assets and liabilities held for trading mainly includes derivatives contracts. Derivatives include forwards, futures, swaps and options, contracts, all of which derive their value from underlying interest rates, foreign exchange rates, equity instruments or credit instruments.

From a risk perspective, the gross amount of trading assets must be associated together with the gross amount of trading liabilities, which are presented separately on the statement of financial position. However, IFRS does not allow netting of these positions in the statement of financial position. See also note 24

(x EUR 1.000)	31 December 2015	31 December 2014
The trading assets consist of the following financial instruments:		
Over the counter (OTC)	28.233	78.202
Contract for differences (CFD's)	17.408	23.302
Total financial assets held for trading	**45.641**	**101.504**

The notional amounts of the OTC derivatives are EUR 1.362 million as per 31 December 2015 (2014: EUR 3.243 million).

The shares used for hedging the Contract for Differences amount to EUR 10 million as per 31 December 2015 (2014: EUR 21 million).

13. Financial investments

Accounting policy for Financial investments

Financial investments are held at fair value with unrealised gains and losses recognised directly in other comprehensive income, net of applicable taxes. When Financial investments are sold, collected or impaired, the cumulative gain or loss recognised in other comprehensive income is transferred to 'Other income' in the income statement.

Interest-bearing securities and equities classified as Financial investments are assessed at each reporting date as to whether they are impaired.

If any objective evidence exists for Financial investments debt securities or equity securities, the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that financial asset previously recognised in net result is removed from equity and recognised in the income statement within realised capital gains on investments. If, in a subsequent period, the fair value of a debt security classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed through the profit and loss account.

See also Note 14 Accounting policy Fair Value of Financial instruments for more information about measurements on Financial investments.

(x EUR 1.000)	31 December 2015	31 December 2014
Movements in the financial investments were as follows:		
Opening balance as at 1 January	47.457	46.233
Sales to third parties	-	-6.835
Additions	37.853*	2.154
Gross revaluation to equity	-6.195	3.016
Exchange rate differences	2.092	2.889
Closing balance as at December 31	**81.207**	**47.457**

* This amount consist mostly of Treasury bills needed for regulatory requirements

14. Fair value of financial instruments

The classification of financial instruments is determined in accordance with the accounting policies set out in note 12 Financial assets held for trading, note 13 Financial investments and note 24 Financial liabilities held for trading.

Accounting policy for Fair value of financial instruments

Fair value is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. To determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information from the following sources:

Level 1: the quoted market price for financial instruments that are actively traded.
Level 2: a recent market transaction or a variety of valuation techniques referring to a similar instrument for which market prices do exist.
Level 3: using a valuation technique where at least one input with significant effect on the instrument's valuation, is not based on observable market data. A significant effect on the instrument's valuation is considered to be present when the unobservable input accounts for at least 10% of the total instrument's fair value.

AACB analyses financial instruments held at fair value into the three categories as describe above. The level 3 instruments have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

The following table presents the carrying value of the financial instruments held and or disclosed at fair value across the three levels of the fair value hierarchy.

During 2015 no financial instruments have been moved to other levels of the fair value hierarchy compaired to the year 2014.

(x EUR 1.000)

At 31 December 2015	Quoted prices in active market	Valuation technique observable market data	Valuation technique unobservable market data	Total
Financial assets held for trading	10.220	35.421	-	45.641
Financial investments	48.566	-	32.641	81.207
Total financial assets	**58.786**	**35.421**	**32.641**	**126.848**
Financial liabilities held for trading	23.400	28.233	-	51.633
Total financial liabilities	**23.400**	**28.233**	**-**	**51.633**

(x EUR 1.000)

At 31 December 2014	Quoted prices in active market	Valuation technique observable market data	Valuation technique unobservable market data	Total
Financial assets held for trading	21.836	79.668	-	101.504
Financial investments	15.557	-	31.900	47.457
Total financial assets	**37.393**	**79.668**	**31.900**	**148.961**
Financial liabilities held for trading	21.512	78.853	-	100.365
Total financial liabilities	**21.512**	**78.853**	**-**	**100.365**

Within investments available for sale AACB owns shares of exchanges. These shares are classified in the table above as Level 3; Valuation technique unobservable market data. The valuation price is based on the last known transaction price.

The fair value of all other financial assets and liabilities to approximate their carrying value in the balance sheet due to their short term nature.

15. Securities financing

Accounting policy for Securities financing

Securities financing consists of securities borrowing and lending and sale and repurchase transactions. Securities borrowing and securities lending transactions are generally entered into on a collateralised basis, with securities usually advanced or received as collateral. The transfer of the securities themselves is not reflected in the statement of financial position unless the risks and rewards of ownership are also transferred. If cash is advanced or received, securities borrowing and lending activities are recorded at the amount of cash advanced or received. The market value of the securities borrowed or lent is monitored on a daily basis and the collateral levels are adjusted in accordance with the underlying transactions. Fees and interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Sale and repurchase transactions involve purchases (or sales) of investments with agreements to resell (or repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in Securities financing and are shown as collateralised by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the statement of financial position. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase price is recognised over the period of the transaction and recorded as interest income or interest expense, using the effective interest method. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded at fair value.

The receivables relating to the securities financing refers to the (cash) collateral requirements of counterparties or the cash settlement of the securities transactions.

(x EUR 1.000)	31 December 2015	31 December 2014
Reverse Purchase agreements and securities borrowing	7.194.728	8.215.339
Transactions related to securities	981.540	1.389.038
Total securities financing	**8.176.268**	**9.604.377**

(x EUR 1.000)	31 December 2015	31 December 2014
Of the Securities financing the following counterparties were involved:		
ABN AMRO Group companies	3.650.000	5.791.101
Banks	2.389.255	1.711.017
Customers	2.137.013	2.102.259
Total securities financing	**8.176.268**	**9.604.377**

16. Loans and receivables - banks

The accounting policy for loans and receivables

According to IAS 39 Financial instruments, loans and receivables from banks and customers are held at amortised cost, i.e. fair value at initial recognition adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability.

This includes also accounts receivable from (bank) customers relating to business operations, insofar as these are not categorised as cash and cash equivalents or trade and other receivables.

Impairment losses on loans and receivables

A specific loan impairment is established if there is objective evidence that AACB will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the market value of the client position (recoverable amount) and the obligations to AACB or to counterparties where guaranteed by AACB in its function as a clearing member.
Impairments are recorded as a decrease in the carrying value of due from banks and due from customers.
When a specific loan is identified as uncollectible and all legal and procedural actions have been exhausted, the loan is written off against the related charge for impairment; subsequent recoveries are credited to change in provisions for impairment in the income statement.

This item includes all accounts receivable from credit institutions that relate to business operations and own bank accounts and do not consist trade and other receivables.

As of 31 December 2015 no amount has a maturity of more than 3 months (2014: 0).

(x EUR 1.000)	31 December 2015	31 December 2014
Loans and receivables - banks consisted of the following:		
Demand receivables	1.975.829	5.713.244
Interest bearing deposits	15.614	1.870
Mandatory reserve deposits with central banks	841	1.369
Net loans and receivable - banks	**1.992.284**	**5.716.483**

None of the amounts in the loans and reveivables -banks items were subordinated in 2015 or 2014.

(x EUR 1.000)	31 December 2015	31 December 2014
Of the loans and receivables - banks item the following amounts were due from:		
ABN AMRO Group companies	668.227	4.724.094
Third parties	1.324.057	992.389
Total loans and receivables - banks	**1.992.284**	**5.716.483**

17. Loans and receivables - customers

The accounting policy for loans and receivables is included in note 16

As of 31 December 2015 no amount has a maturity of more than 3 months (2014: 0).

(x EUR 1.000)	31 December 2015	31 December 2014
The composition of loans and receivables - customers at 31 December is as follows:		
Commercial loans	7.887.685	8.608.050
Receivables from Central Counter Parties	3.529.306	2.462.779
Total loans and receivables - customers	**11.416.991**	**11.070.829**
Less: loan impairment	-27.627	-24.870
Net loans and receivables - customers	**11.389.364**	**11.045.959**

All commercial loans are fully collateralised (e.g. cash, equities, bonds).

(x EUR 1.000)	31 December 2015	31 December 2014
Of the loans and receivables - customers item the following amounts were due from:		
ABN AMRO Group companies	5.341	27.246*
Third parties	11.384.023	11.018.713
Total due from customers	**11.389.364**	**11.045.959**

* The item ABN AMRO Group companies included a granted term loan to ABN AMRO Group companies of EUR 1,4 million during the year 2014. The effective interest rate is the applicable market reference rate (i.e. Eonia, Sonia) including mark up at arms length.

18. Group structure

Accounting policy for business combinations

All items of consideration, including contingent consideration, transferred by AACB are measured and recognised at fair value as of the acquisition date. Transaction costs incurred by AACB in connection with the business combination, other than those associated with the issuance of debt and equity securities, do not form part of the cost of the business combination transaction but are expensed as incurred. The excess of the purchase consideration over AACB's share of the fair value of the identifiable net assets acquired (including certain contingent liabilities) is recorded as goodwill. AACB measures the identifiable assets acquired and the liabilities assumed at the fair value at the date of acquisition.

A gain or loss is recognised in profit or loss for the difference between the fair value of the previously held equity interest in the acquiree and its carrying amount. Changes in interests in subsidiaries that do not result in a change of control are treated as transactions between equity holders and are reported in the equity.

The table below provides details on the assets and liabilities resulting from the acquisitions of disposals of subsidiaries and equity-accounted investments at the date of acquisition or disposal.

(x EUR 1.000)		31 December 2015		31 December 2014
	acquisitions	divestments	acquisitions	divestments
Cash and cash equivalents				-26.058
Loans and receivables - banks				-22.231
Intangible assets				-1
Tax assets				-369
Other assets				-5
Due to banks				24.778
Due to customers				11.552
Other liabilities				775
Total net assets acquired / Net assets divested	**-**	**-**	**-**	**-11.559**
Cash used for acquisition / received from divestments:				
Proceeds from sale				38.670
Cash and cash equivalents acquired / divested				-48.288
Total cash used for acquisitions / received for divestments	**-**	**-**	**-**	**-9.618**

There were no acquisitions or divestments in 2015.

Divestment 2014: Decrease of AACB's ownership of HCH from 100% to 25%

Accounting policy for associates

Associates are those entities in which AACB has significant influence, but no control or joint control, over the operating and financial policies. Significant influence is generally presumed when AACB holds between 20% and 50% of the voting rights. Potential voting rights that are currently exercisable are considered in assessing whether AACB has significant influence. Amongst other factors that are considered to determine significant influence, representation on the board of directors, participation in policy-making process and material transactions between the entity and the investee are considered.

Investments in associates are accounted for using the equity method. Under this method the investment is initially recorded at cost of recognition and subsequently increased (or decreased) for post-acquisition net income (or loss), other movements impacting the equity of the investee and any adjustments required for impairment. AACB's share of the profit or loss of the investee is recognised in Share of result in equity accounted investments in the income statement. When AACB's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero, including any other unsecured receivables, and recognition of further losses is discontinued except if AACB has incurred obligations or made payments on behalf of the investee.

Equity investments held without significant influence which are not held for trading or not designated at fair value through profit or loss are classified as Financial investments.

Restrictions on assets
The restrictions on assets for AACB's subsidiaries and associates are related to regulatory requirements on capital. There are no other restrictions.

19. Equity accounted investments

Accounting policy for equity accounted investments
Equity accounted investments comprise associates. Associates are those entities in which AACB has significant influence (this is generally assumed when AACB holds between 20% and 50% of the voting rights), but no control or joint control over the operating and financial policies. Investments in associates are accounted for equity method.

(x EUR 1.000)	31 December 2015	31 December 2014
Equity accounted investments consist of the following:		
EuroCCP	9.595	8.368
ICE Clear Netherlands (formerly HCH)	13.138	12.912*
Total Equity accounted investments	**22.733**	**21.280**

* This amount include a remeasurement of the remaining HCH shares.

EUROCCP
AACB incorporated the European Multilateral Clearing Facility N.V. (EMCF) on February 28th, 2007 to provide European CCP services in a public limited company in the Netherlands. EMCF is headquartered in Amsterdam. Due to a high level of competition EMCF and EuroCCP chose to combine their strengths and capabilities to deliver greater efficiencies and sustainable competition to the European market. To achieve this cooperation AACB sold the majority of the shares of EMCF to the owner of EuroCCP.

In January 2014, EMCF changed it's name into EuroCCP.

The shares of EuroCCP are not quoted on any market. There are four shareholders each holding 25% of the shares. The company's Supervisory Board consists of 6 supervisory board members (a representative from each shareholder and two independent members).

ICE Clear Netherlands
On February 28th 2011, AACB incorporated Holland Clearing House (HCH). HCH provides CCP Services for the derivatives Multilateral Trading Facility (MTF), TOM MTF. The office of HCH is located in Amsterdam, the Netherlands.

At the start of the year 2014 AACB owned 100% of the shares of HCH. On December 3rd, 2014 AACB sold 75% of the shares to Intercontinental Exchange (ICE). After this transaction AACB no longer has control over HCH. However, based on the percentage of owned shares AACB does have significant influence. The remaining shares (25% of the total issued shares of HCH) are initially valued at fair value represented by the guaranteed sale price of the remaining 25% shares.

The shares of HCH are not quoted on any market. There are two shareholders; AACB 25% and ICE 75%. HCH's Supervisory Board consists of four members (one is appointed by AACB, and three by ICE).

In July 2015, HCH changed it's name into ICE Clear Netherlands.

The combined financial information of the associates include the following assets, liabilities, income and expenses:

(x EUR 1.000)	31 December 2015	31 December 2014
Cash and cash equivalents	679.230	492.210
Loans and receivables	55.340	59.429
Property and equipment	644	159
Intangible assets	1.346	328
Other assets	5.442	6.755
Total assets	**742.002**	**558.881**
Due to banks	328.686	269.551
Due to customers	349.317	235.714
Accrued interest, expenses and other liabilities	13.066	8.497
Total Liabilities	**691.069**	**513.762**
Total Equity	50.933	45.119
Net revenue	25.860	22.294
Expenses	20.999	18.205
Other comprehensive income / expenses	108	-325
Tax expenses	1.148	937
Total comprehensive income	**3.821**	**2.827**

(x EUR 1.000)	31 December 2015	31 December 2014
Equity accounted investment	**22.733**	**21.280**

20. Property and equipment

Accounting policy for Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any amount for impairment. At each balance sheet date an assessment is performed to determine whether there is any indication of impairment. If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately. Additions and subsequent expenditures (including accrued interest) are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment, and of major components that are accounted for separately.

Depreciation rates and residual values are reviewed at least annually to take into account any change in circumstances. Capitalised leasehold improvements are depreciated in a manner that takes into account the term and renewal conditions of the related lease.

AACB applies the following principles regarding straight-line depreciation:
The useful lives for buildings are 30 years;
The useful life for leasehold improvements is 10 years or the lesser of the lease term;
The useful life for IT equipment is maximum five years.

(x EUR 1.000)	31 December 2015	31 December 2014
Total property and equipment	**8.762**	**10.100**

The table below shows the categories of property and equipment at 31 December 2015 against net book value.

(x EUR 1.000) **2015**

	Leasehold improvements	IT equipment	Other property and equipment	Total
Acquisition costs as at 1 January 2015	**5.684**	**44.419**	**2.729**	**52.832**
Divestment of subsidiary	-	-	-	-
Additions	321	4.249	73	4.643
Disposal	-485	-443	-56	-984
Foreign exchange differences	489	2.958	145	3.592
Other	-	493	-436	57
Acquisition costs as at 31 December 2015	**6.009**	**51.676**	**- 2.455**	**60.140**
Accumulated depreciation 1 January 2015	**-4.771**	**-36.504**	**-1.457**	**-42.732**
Divestment of subsidiary	-	-	-	-
Depreciation expense	-920	-5.611	-210	-6.741
Disposal	485	439	41	965
Foreign exchange differences	-405	-2.333	-75	-2.813
Other	-	-	-57	-57
Accumulated depreciation as at 31 December 2015	**-5.611**	**-44.009**	**-1.758**	**-51.378**
Property, plant and equipment as at 31 December 2015	**398**	**7.667**	**697**	**8.762**

(x EUR 1.000) **2014**

	Leasehold improvements	IT equipment	Other property and equipment	Total
Acquisition costs as at 1 January 2014	**5.220**	**36.506**	**2.631**	**44.357**
Divestment of subsidiary	-	-13	-58	-71
Additions	-	5.683	21	5.704
Disposal	-	-771	-42	-813
Foreign exchange differences	464	3.014	177	3.655
Acquisition costs as at 31 December 2014	**5.684**	**44.419**	**2.729**	**52.832**
Accumulated depreciation 1 January 2014	**-3.727**	**-29.296**	**-1.239**	**-34.262**
Divestment of subsidiary EMCF	-	11	26	37
Depreciation expense	-707	-5.536	-172	-6.415
Disposal	-	750	25	775
Foreign exchange differences	-337	-2.433	-97	-2.867
Accumulated depreciation as at 31 December 2014	**-4.771**	**-36.504**	**-1.457**	**-42.732**
Property, plant and equipment as at 31 December 2014	**913**	**7.915**	**1.272**	**10.100**

21. Intangible assets

Accounting policy for intangible assets
The Intangible assets item consists solely of software that is not an integral part of the related hardware. Software is amortised over three years unless the software is classified as core application software which is depreciated over its estimated useful lifetime set at a maximum of 5 years. Amortisation rate and residual values are reviewed at least annually to take into account any changes in circumstances. Costs associated with maintaining computer software programs are recognised as expenses when incurred.

(x EUR 1.000)	31 December 2015	31 December 2014
Acquisition costs as at 1 January:	**19.287**	**10.267**
Divestment of subsidiary HCH	-	-100
Additions	1.279	7.774
Disposal	-33	-138
Foreign exchange differences	1.623	1.484
Acquisition costs as at 31 December	**22.156**	**19.287**
Accumulated amortisation 1 January:	**-10.538**	**-5.822**
Divestment of subsidiary HCH	-	99
Amortisation expense	-3.688	-3.213
Disposal	33	-886
Foreign exchange differences	-788	-716
Accumulated amortisation as at 31 December	**-14.981**	**-10.538**
Total intangible assets as at 31 December	**7.175**	**8.749**

No impairments have been recorded to Intangible assets.

22. Tax assets

Accounting policy for tax assets
AACB applies IAS 12 Income Taxes in accounting for taxes on income. Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.
A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset ,or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit.

Deferred tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to taxes levied by the same taxation authority.

The current tax asset is the calculated tax position based on actual income over the years less the prepayments made during the year based on the profit estimations.

(x EUR 1.000)	31 December 2015	31 December 2014
Total current tax assets	**632**	**2.926**

The deferred tax assets can be categorised into:		
Net investment hedge	10.648	10.648
Investments available for sale	779	15
Accrued expenses and deferred income	1.108	1.096
Total deferred tax assets	**12.535**	**11.759**

Of the Deferred tax assets an amount of EUR 1.108 is through income statement and an amount of EUR 11.427 is through equity.

Total tax assets	**13.167**	**14.685**

23. Other assets

(x EUR 1.000)	31 December 2015	31 December 2014
The table below shows the components of Other assets at 31 December:		
Accrued other income	1.688	2.421
Related to securities transactions	26.785	19.964
Prepayments	4.948	3.452
VAT and other tax receivable	1.371	1.972
Other	1.761	724
Total other assets	**36.553**	**28.533**

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Liabilities

24. Financial liabilities held for trading

The accounting policy for financial liabilities held for trading is included in note 12.

(x EUR 1.000)	31 December 2015	31 December 2014
The financial liabilities held for trading consist of the following:		
Over the counter (OTC)	28.233	78.202
Contract for differences (CFD's)	23.400	22.163
Total financial liabilities held for trading	**51.633**	**100.365**

The notional amounts of the OTC derivatives are EUR 1.362 million as per 31 December 2015 (2014: EUR 3.243 million).

The shares used for hedging the Contract for Differences is EUR 16 million as per 31 December 2015 (2014: EUR 21 million).

25. Securities financing

The accounting policy for securities financing is included in note 15.

The payables relating to the securities financing refers to the (cash) collateral requirements of counterparties or the cash settlement of the securities transactions.

(x EUR 1.000)	31 December 2015	31 December 2014
Reverse purchase agreements and securities borrowing	657.179	245.216
Transactions related to securities	383.807	890.624
Total securities financing	**1.040.986**	**1.135.840**

26. Due to banks

Accounting policy for due to banks and due to customers

According to IAS 39 Financial Instruments, amounts due to banks and customers are held at amortised cost. That is, fair value at initial recognition adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability.

(x EUR 1.000)	31 December 2015	31 December 2014
The table below shows the components of due to banks:		
Demand deposits	1.824.031	1.225.972
Time deposits	8.839.515	16.182.906
Other deposits	106.939	30.177
Total due to banks	**10.770.485**	**17.439.055**

Of the due to banks item the following amounts were with:		
Demand deposits due to banks ABN AMRO Group	832.198	241.485
Time deposits due to banks ABN AMRO Group	8.834.444	16.178.034
Total ABN AMRO Group companies	**9.666.642**	**16.419.519**
Demand deposits due to third party banks	991.833	984.487
Time deposits due to third party banks	5.071	4.872
Other deposits	106.939	30.177
Total third party banks	**1.103.843**	**1.019.536**
Total due to banks	**10.770.485**	**17.439.055**

In 2015 an amount of EUR 2.510 thousand has a maturity of more than 3 months but less than one year (2014: 0).

27. Due to customers

The accounting policy for due to customers is included in note 26

This item is comprised of amounts due to non-banking customers.

(x EUR 1.000)	31 December 2015	31 December 2014
The table below shows the components of due to customers:		
Demand deposits	6.784.717	6.264.812
Time deposits	2.018.400	658.901
Total due to customers	**8.803.117**	**6.923.713**
The due to customers item can be split up between ABN AMRO Group customers and third party customers as follows:		
Demand deposits due to customers ABN AMRO Group	32.357	304.151
Time deposits due to customers ABN AMRO Group	-	513.402
Total ABN AMRO Group companies	**32.357**	**817.553**
Demand deposits due to customers third party	6.752.360	5.960.661
Time deposits due to customers third party	2.018.400	145.499
Total third party customers	**8.770.760**	**6.106.160**
Closing balance as at 31 December	**8.803.117**	**6.923.713**

In 2015 no amount has a maturity of more than 3 months but less than one year (2014: 0).

28. Issued debt

Accounting policy for issued debt

Issued debt securities are initially recorded at amortised cost using the effective interest rate method.

AACB applies IAS 32 Financial instruments: Presentation to determine whether funding is either a financial liability or equity. Issued financial instruments or their components are classified as financial liabilities where the substance of the contractual arrangement results in AACB having a present obligation to deliver either cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares.

This debt is issued on August 12th, 2014 for regulatory reasons and has a duration of three years.

(x EUR 1.000)	31 December 2015	31 December 2014
The issued debt consists of the following:		
Bonds and notes issued	325	325
Total Issued debt	**325**	**325**

29. Provisions

Accounting policy for provisions

A provision is recognised in the balance sheet when AACB has a legal or constructive obligation as a result of a past event, and it is more likely than not, that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risk specific to the liabiltiy.

(x EUR 1.000)	31 December 2015	31 December 2014
Defined benefit obligations	3.662	3.870
Other	871	1.786
Total Provisions	**4.533**	**5.656**

On the basis of information currently available AACB determines with reasonable certainty that the expected cash outflow of the provisions for the year 2016 is approximately EUR 0,3 million and approximately EUR 0,8 million for the years 2017 - 2020.

The defined benefit obligation refers to the retired employees of a liquidated German ABN AMRO company. The pension plan is no longer available for new employees.

All other employees have a defined contribution plan.

The following table reflects the changes in the defined benefit obligation:

(x EUR 1.000)	31 December 2015	31 December 2014
Defined benefit obligation as at 1 January	**3.870**	**3.563**
Total defined benefit expense	70	110
Remeasurement effects recognised	-99	394
Benefits paid	-179	-197
Defined benefit obligation as at 31 December	**3.662**	**3.870**

The item Other is related to contractual engagement provisions and the Incurred but not identified provision.

(x EUR 1.000)	31 December 2015	31 December 2014
Opening balance as at 1 January	**1.786**	**479**
Additions for the period		1.307
Release for the period	-915	-
Closing balance as at 31 December	**871**	**1.786**

On the basis of information currently available.

30. Tax liabilities

The accounting policy for tax liabilities is included in note 22.
The current tax liability is the calculated tax position based on actual income over the year less the prepayments made during the year based on profit estimations. However, as the entities stated in the Netherlands form part of a local tax unity, prepayments are made and booked at central level. Therefore, at year-end the full year amount of the Dutch tax is still considered to be paid for these entities.

(x EUR 1.000)	31 December 2015	31 December 2014
Total current tax liabilities	**13.711**	**9.305**
The deferred tax liabilities can be categorised into:		
Investment available for sale	2.453	3.054
Total deferred tax liabilities	**2.453**	**3.054**
The total deferred tax liabilities is originated through equity.		
Total tax liabilities	**16.164**	**12.359**

31. Other liabilities

(x EUR 1.000)	31 December 2015	31 December 2014
The table below shows the components of Other liabilities at 31 December:		
Related to securities transactions	110.213	108.269
Accounts payable	7.493	5.272
VAT and other tax payable	3.513	1.092
Rebilling cost by ABN AMRO Group	41.042	45.037
Other	37.162	12.483
Total other liabilities	**199.423**	**172.153**

32. Equity

Accounting policy for equity

Share capital and other components of equity

Preference shares
Preference shares which are non-redeemable and upon which dividends are declared at the discretion of the Company are classified as equity.

Other reserves
The other reserves mainly comprise retained earnings, the profit for the period and legal reserves.

Currency translation reserve
The currency translation reserve represents the cumulative gains and losses on the translation of the net investment in foreign operations, net of the effect of hedging.

Financial investments reserve
In this component, gains and losses arising from a change in the fair value of available-for-sale assets are recognised, net of taxes, excluding impairment losses recognised in the income statement and gains and losses on hedged financial instruments. When the relevant assets are sold or otherwise disposed of, the related cumulative gain or loss recognised in equity is recycled to the income statement.

Revaluation reserve
The Revaluation reserve is comprised of the currency translation differences arising on translation of the currency of these instruments to euros, insofar as they are effective.

Dividends
Dividends on ordinary shares and preference shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

The issued and paid-up share capital of AACB did not change in the year 2015. Authorised share capital amounts to EUR 50.000.000 distributed over 50.000 shares each having a nominal value of 1.000. Of this authorised share capital, 15.000 shares were issued and paid up against a nominal value of 1.000. At year-end 2015, all shares were held by ABN AMRO.

(x EUR 1.000)	31 December 2015	31 December 2014
Share capital	15.000	15.000
Share premium	250	250
Other reserves (incl. retained earnings/profit for the period)	850.461	786.535
Other components of equity	78.614	29.042
Shareholders' equity	**944.325**	**830.827**

For the details on the changes in shareholders' equity we refer to the consolidated statement of changes in shareholders' equity.

(x EUR 1.000)	31 December 2015	31 December 2014
Gross AFS reserve	10.050	15.221
Related tax	-1.769	-3.039
AFS reserve	8.281	12.182
Gross Remeasurement on net DBO on post employment plans	-371	-463
Related tax	94	126
Remeasurement on net DBO on post employment plans	-277	-337
Currency translation reserve	118.683	65.270
Gross revaluation reserve	-64.229	-64.229
Related tax	16.156	16.156
Revaluation reserve	-48.073	-48.073
Total other components of equity	**78.614**	**29.042**

The Currency translation reserve contains the equity revaluation of the subsidiaries.

The Gross revaluation reserve contains the Net Investment Hedge (NIH) which is defined as the hedge of AACB net investment in foreign operations by matching the foreign currency gains or losses on a derivative or liability against the revaluation of a foreign operation based on period end exchange rates. The gain or loss on the hedging instrument is recorded in equity to offset the translation gains and losses on the net investment, to the extent that the hedge is highly effective. The ineffective portion of the hedge relationship is recognised in the profit or loss. This NIH policy was applied until 31 December 2010.

The tax on revaluation reserve can be split in two categories. From the total amount of EUR 16.1 million an amount of EUR 11.1 million is related to the deferred tax asset of the NIH (see note 23). The remaining amount of EUR 5.0 million is related to the changes in the NIH up to and including 2009. Until that year the tax amount of the NIH was already settled with the tax authorities.

(x EUR 1.000)	31 December 2015	31 December 2014
Unrealised gains as at 1 January	29.042	-32.503
Unrealised gains during the year	-5.079	3.737
Unrealised currency translation differences	53.413	58.669
Related tax	1.238	-861
Other components of equity as at 31 December	**78.614**	**29.042**

33. Commitments and contingent liabilities

Accounting policy for commitments and contingent liabilities

Contingencies
Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the outflow of economic resources is remote.

Guarantees
AACB provides guarantees and letter of credit to guarantee the performance of subsidiaries, associates and customers to third parties. AACB expects most transactions to be settled simultaneously with the reimbursement from customers.

(x EUR 1.000)	31 December 2015	31 December 2014
The guarantees and other commitments consist of the following:		
Securities borrowing	11.585.283	8.288.680
Guarantees	3.635	21.245*
Total guarantees and other commitments	**11.588.918**	**8.309.925**

* For comparing this amount is lowered with 545.306 being the guarantees given to group companies within Clearing.

The guarantees have been given to third parties and are divided as follows:		
Guarantees given to associates	-	13.000
Guarantees given to exchanges	3.635	8.245
Total Guarantees	**3.635**	**21.245**

Other commitments arising from securities borrowing consists almost entirely of related parties.
Most of these securities are borrowed from the parent company.

Total guarantees and other commitments	**11.588.918**	**8.309.925**
Secured by collateral	11.585.283	8.288.680
Net guarantees and other commitments	**3.635**	**21.245**

The contractual amounts of guarantees are set out by category in the following table:

(x EUR 1.000)

31 December 2015 (x EUR 1.000)	less than one year	Between one and three years	Between three and five years	After five years	Total
Guarantees given to exchanges	-	-	-	3.635	3.635
Total Guarantees	**-**	**-**	**-**	**3.635**	**3.635**

(x EUR 1.000)

31 December 2014 (x EUR 1.000)	less than one year	Between one and three years	Between three and five years	After five years	Total
Guarantees given to associates	13.000				13.000
Guarantees given to exchanges	-	-	-	8.245	8.245
Total Guarantees	**13.000**	**-**	**-**	**8.245**	**21.245**

Many of the guarantees and other commitments are expected to expire without being advanced in whole or in part.
This means that the amounts stated do not represent expected future cash flows.

Leasing
AACB only enters into leases classified as operating leases (including property rental). The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

AACB leases offices and other premises under non-cancellable operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payable. AACB also leases equipment under non-cancellable lease arrangements.

(x EUR 1.000)	31 December 2015	31 December 2014
Where AACB is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:		
Not more than one year	1.349	713
Longer than one year but not longer than five years	394	798
Longer than five years.	-	-
Total operating lease agreements	**1.743**	**1.511**

34. Pledged and encumbered assets

Accounting policy for pledged, encumbered and restricted assets
Pledged assets are assets pledged as collateral for liabilities or contingent liabilities and the terms and conditions relating to its pledge. Encumbered assets are those that are pledged or other assets which we believed to be restricted to secure, credit-enhance or collateralise a transaction.

In principle, pledged assets are encumbered assets.

Significant restrictions on assets can arise from statutory, contractual or regulatory requirements such as:
- Those that restrict the ability of the parent or its subsidiaries to transfer cash or other assets to (or from) other entities within AACB.
- Guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to other entities within AACB.
- Protective rights of non-controlling interests might also restrict the ability of AACB to access and transfer assets freely to or from other entities within AACB and to settle liabilities of AACB.

AACB only has restrictions due to the prevailing regulatory requirements per region.

Pledged and encumbered assets are assets given as security to guarantee payment of a debt or fulfilment of an obligation. Predominantly the following activities conducted by AACB are related to pledged assets:
- Cash provided as collateral towards CCP's to secure trading transactions;
- Cash pledged to secure lending in reverse repurchase transactions and securities borrowing transactions;
- Cash and securities pledged to secure CFD or OTC transactions.

AACB has a clearing member contract with various CCP's. Such contracts contain the rules and regulations in relation to cash provided as collateral. These rules and regulations for a clearing member can be found on the relevant CCP's websites.

(x EUR 1.000)	31 December 2015	31 December 2014
Assets pledged:		
Securities financing assets	7.194.748	7.888.407
Financial assets held for trading	45.641	21.836
Financial investments	48.566	15.557*
Loans and receivables - banks	841	-
Loans and receivables - customers	3.529.307	2.462.779
Total assets pledged as security	**10.819.103**	**10.388.579**

* This amount concerns encumberred T-bills for regulatory purposes. This amount was not reported in 2014.
Off balance sheet collateral held as security for assets mainly as part of professional securities transactions. AACB obtain securities on terms which permit it to re-pledge the securities to others.

35. Related Parties

Parties related to AACB include the parent ABN AMRO Bank N.V. with significant influence, associates, the Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities.

Transactions:
As part of its business operations, AACB frequently enters into transactions with related parties. Normal banking transactions relate to transactions, loans and deposits and are entered into under the same commercial and market terms that apply to non-related parties. ABN AMRO owns all the shares of AACB. The amounts with related parties are mentioned in the applicable notes.

Labour contract employees Amsterdam
Every employee of AACB in the Netherlans has a labour contract with ABN AMRO. The total salary costs including pensions and social security charges in 2015 was EUR 41,054 million (2014: EUR 41,710 million). The salary costs are paid by ABN AMRO and rebilled to AACB.

36. Cash flow Statement

Accounting policy for Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, freely available balances with central banks and other banks, net credit balances on current accounts with other banks, with less than three months maturity from the date of acquisition. The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including clearing activities, investment activities and financing activities. Movements in loans and receivables and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries and associates, property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities.

The following table shows the determination of cash and cash equivalents at 31 December.

(x EUR 1.000)	31 December 2015	31 December 2014
Cash and balances at central banks	57.837	21.166
Loans and receivables banks (less than 3 months)*	1.975.829	5.713.244
Total cash and cash equivalents	**2.033.666**	**5.734.410**

* loans and receivables banks with a maturity of less than 3 months is included in Loans and receivables - banks, see note 16

37. Post-balance sheet date events

None

Legal procedures

ABN AMRO Clearing Bank N.V. and its subsidiaries are involved in a court procedure.

In August 2007, Sentinel Management Group, Inc. ("Sentinel"), a futures commission merchant that managed certain customer segregated funds for ABN AMRO Clearing Chicago LLC (AACC), filed for bankruptcy. Shortly before Sentinel filed for bankruptcy, Sentinel sold certain securities to Citadel Equity Fund, Ltd. ("Citadel"). The U.S. Bankruptcy Court ordered funds from the sale to Citadel, to be distributed to certain Sentinel customers. AACC received its pro rata share which totalized $52,755,815. On or about September 15, 2008, the bankruptcy trustee filed an adversary proceeding (the "Complaint") against all of the recipients of the court ordered distribution of funds from the Citadel sale, including AACC. The Complaint also includes a claim for money AACC received shortly before Sentinel filed for bankruptcy to the amount of $4,000,399 and a claim for prejudgment interest which could range from $443,000 to $9,720,000. AACC, after consultation with legal counsel, cannot yet express an opinion as to the ultimate outcome of the proceeding. AACC believes that claims are without merit and intends to vigorously defend against the Complaint. Accordingly, no provision has been made in the financial statements for any loss that may result from the Complaint.

In the normal course of business AACC is subject to litigation and regulatory proceedings. AACC, after consultation with legal counsel, believes that the outcome of such proceedings will not have a material adverse effect on AACC statement of financial condition.

Company financial statements for the year 2015

Company income statement for the year ended 31 December 2015

(x EUR 1.000)	2015	2014
Result from participating interests after tax	69.474	49.162
Other result after taxes	-5.548	25.117
Net profit attributable to owners of the company	**63.926**	**74.279**

Company statement of financial position as at 31 December 2015

(x EUR 1.000)	31 December 2015	31 December 2014
Assets		
Cash and balances at Central banks	57.837	21.166
Financial assets held for trading	45.641	101.504
Financial investments	67.138	40.539
Securities financing	4.628.523	7.318.306
Loans and receivables - banks	1.083.865	5.088.396
Loans and receivables - customers	11.242.060	10.126.333
Participating interest in group companies	750.002	599.829
Equity accounted investments	0	21.280
Property and equipment	2.867	3.847
Intangible assets	1.022	1.773
Tax assets	11.375	13.575
Other assets	32.718	22.177
Total assets	**17.923.048**	**23.358.725**
Liabilities		
Financial liabilities held for trading	51.633	100.365
Securities financing	322.608	656.260
Due to banks	10.369.065	17.364.170
Due to customers	6.120.766	4.290.525
Issued debt	325	325
Provisions	4.533	5.445
Tax liabilities	10.768	10.245
Other liabilities	99.025	100.563
Total liabilities	**16.978.723**	**22.527.898**

	31 December 2015	31 December 2014
Equity		
Share capital	15.000	15.000
Share premium	250	250
Other reserves (incl. retained earnings/profit for the period)	850.461	786.535
Other comprehensive income	78.614	29.042
Total Equity	**944.325**	**830.827**
Total Liabilities and Equity	**17.923.048**	**23.358.725**
Guarantees and other commitments	**10.067.006**	**7.033.100**

Notes to the company financial statements for the year 2015

General

AACB's company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code, applying the same accounting policies as for the consolidated financial statements.

Principles for the measurement of assets and liabilities and determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, ABN AMRO Clearing Bank N.V. makes use of the option provided in section 2:362(8) of the Dutch Civil Code. By making use of this option, reconciliation is maintained between the consolidated and the company's equity. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of ABN AMRO Clearing Bank N.V. are the same of those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. The consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union.

Based on the 403 Statement of Book 2 of the Dutch Civil Code AACB is only required to publish company financial statements in an abbreviated format, containing as a minimum an abbreviated income statement and an abbreviated statement of financial position.

Company statement of participating interests

(x EUR 1.000)	2015	2014
Participating interest in group companies	**750.002**	**599.829**
The owned subsidiaries are:		
ABN AMRO Clearing Singapore Pte, with registered office in Singapore;		
ABN AMRO Clearing Tokyo Co Ltd, with registered office in Tokyo, Japan;		
ABN AMRO Clearing Hong Kong Ltd, With registered office in Hong Kong;		
ABN AMRO Clearing Sydney Pty Ltd, with registered office in Sydney, Australia;		
ABN AMRO Clearing Chicago LLC, with registered office in Chicago, United States;		
ABN AMRO Clearing Investments BV, with registered office in Amsterdam,The Netherlands.		

The movements in the participating interest in group companies, which are valued at net equity value, were as follows:

Balance as at 1 January	**599.829**	**519.911**
Increase of capital	69.742	21.374
Dividend paid out	-73.522	-37.627
Exchange differences	61.063	47.896
Financial investments	2.222*	-
Equity accounted investments	21.631*	-
Result for the year	69.037	48.275
Balance as at 31 December	**750.002**	**599.829**

* These investments are moved from AACB to ABN AMRO Clearing Investments B.V.

Company statement of consolidation

	Entitlements	Currency	Shareholders' equity 2015	Net result 2015	Shareholders' equity 2015
			(x 1.000)	(x 1.000)	(x EUR 1.000)
ABN AMRO Clearing Chicago LLC	100%	USD	495.778	40.699	454.999
ABN AMRO Clearing Sydney Pte.Ltd	100%	AUD	68.690	5.966	46.082
ABN AMRO Clearing Hong Kong Ltd	100%	HKD	1.338.401	174.731	158.472
ABN AMRO Clearing Tokyo Ltd	100%	JPY	8.266.111	975.291	63.000
ABN AMRO Clearing Singapore Pte	100%	SGD	4.302	79	2.792
ABN AMRO Clearing Investments BV	100%	EUR	24.657	701	24.657
					750.002

Company statement of changes in equity

(x EUR 1.000)

	Share capital	Share Premium	Retained earnings	Remeasurement on net DBO on post-employment plans	Currency translation reserve	Financial investments reserve	Revaluation reserve	Equity Associates reserve	Unappropriated result of the year	Total
Balance as at 31 December 2013	**15.000**	**250**	**677.386**	**-147**	**6.601**	**9.581**	**-48.073**	**-465**	**34.871**	**695.004**
Total comprehensive income				-122	58.670	2.638		358	74.279	77.153
Transfer			34.871						-34.871	58.670
Dividend										-
Balance as at 31 December 2014	**15.000**	**250**	**712.257**	**-269**	**65.271**	**12.219**	**-48.073**	**-107**	**74.279**	**830.827**
Total comprehensive income				68	53.412	-5.117		1.269	63.926	113.498
Transfer			74.279						-74.279	-
Dividend										-
Balance as at 31 December 2015	**15.000**	**250**	**786.536**	**-201**	**118.683**	**7.042**	**-48.073**	**1.162**	**63.926**	**944.325**

Acquisitions

No acquisitions were made by ABN AMRO Clearing Bank N.V. in 2015.
Amsterdam, 18 May 2016,

Managing Board

J.B.M. de Boer
A. Bolkovic
B. Duinstra
M.C. Jongmans
L.M.R. Vanbockrijck

Other information

Independent auditor's report

To: the General Meeting and the Supervisory Board of ABN AMRO Clearing Bank N.V.

Report on the audit of the annual financial statements 2015

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of ABN AMRO Clearing Bank N.V. as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of ABN AMRO Clearing Bank N.V. as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the annual financial statements 2015 of ABN AMRO Clearing Bank N.V., based in Amsterdam. The annual financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2015;
2. the following consolidated statements for 2015: the income statement, the other comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2015;
2. the company income statement for 2015; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

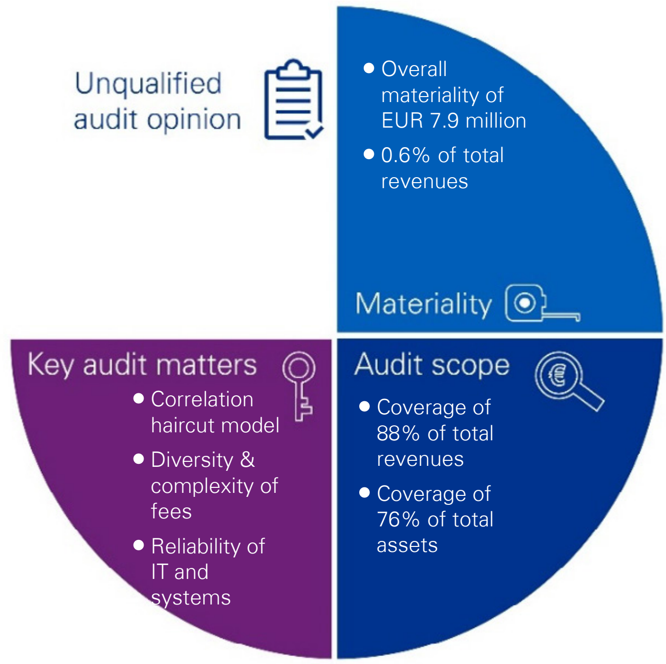
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ABN AMRO Clearing Bank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary



Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We determined certain quantitative thresholds for materiality. These together with qualitative considerations helped us to determine the nature, timing and extent of our audit procedures and the evaluation of the impact of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 7.9 million (2014: EUR 5.9 million), with reference to 0.6% (2014: 0.5%) of primary benchmark of gross revenues given the company's business and its main driver. We have applied this benchmark based on our assessment of the general information needs of users of the financial statements. We believe that gross revenues is a relevant metric for assessment of the financial performance of ABN AMRO Clearing Bank N.V., also given the relatively high balance sheet total and the level of profit before tax impacted by a one-off loss and the rebilling arrangements with ABN AMRO Group N.V.

We agreed with the Supervisory Board that misstatements in excess of EUR 0.4 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ABN AMRO Clearing Bank N.V. has several branches globally and is also the parent company of a group of entities. The financial information of this group is included in the financial statements of ABN AMRO Clearing Bank N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

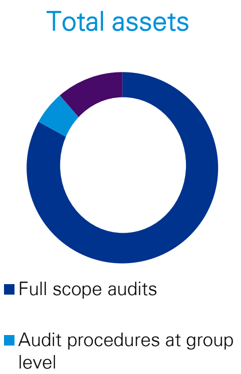
We selected components of ABN AMRO Clearing Bank N.V. for an audit on the complete set of financial information or specific items, based on their size, risk profile for ABN AMRO Clearing Bank N.V. or other qualitative considerations.

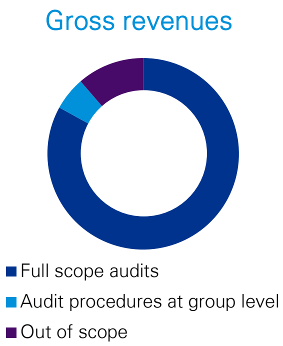
Applying these criteria led to an audit of the complete set of financial information, covering 88% of total revenues and 76% of total assets. Furthermore, we performed analytical procedures at the aggregated group level to corroborate our assessment that there are no significant risks of material misstatement within the remaining components.

Besides the Dutch operations, the Chicago subsidiary was selected for group reporting purposes. We sent detailed instructions to the component auditor, also KPMG, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported back to the group audit team. Throughout the year we discussed the planning and progress of the audit with the component auditor. We visited Chicago where we performed a detailed file review. At this visit the findings and observations reported to the group auditor were discussed in more detail during a meeting with local management.

The consolidation of the group, the disclosures in the financial statements and accounting topics that are performed at group level are audited by the group audit team.

By performing the procedures mentioned above, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the financial statements.





Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk management control framework through the correlation haircut model
Description ABN AMRO Clearing Bank N.V.'s day-to-day operations consist of the clearing and settlement of large volumes of futures and options trades on behalf of clients. For that purpose ABN AMRO Clearing Bank N.V. requires a detailed and real-time insight into its clients and related risk exposures, requiring a sound risk management framework on both collective as well as an individual client level. This risk management framework is based around ABN AMRO Clearing Bank N.V.'s so called 'Correlation Haircut Model' ('the model'). This model determines the required liquidity position that clients should hold with ABN AMRO Clearing Bank N.V. as collateral. The collateral is placed in the form of highly liquid deposits, clients' securities and other liquid assets. Based on the client's actual trading activity and market positions the model requires collateral calls or collateral releases on an individual client level. In calculating the net liquidity position and the collateral requirements the model uses stress scenarios that it weighs on a basis of likelihood and impact and factors in other market drivers such as interest rates, volatility and duration of underlying exposures. Reference is made to paragraph Risk Management of the annual report. We have identified the correlation haircut model as a key audit matter as the model is besides critical to the execution and continuity of the daily operations, also relevant for the valuation and presentation of the client positions in the balance sheet of ABN AMRO Clearing Bank N.V.

Risk management control framework through the correlation haircut model

Our response

Our audit procedures included, among others, an assessment of the validation report that is the result of a mandatory yearly in-house validation exercise of the model by ABN AMRO Clearing Bank N.V.'s quantitative analysis group. This assessment also included challenging the model validation conclusions by our Financial Risk Management Specialists in previous years. This together provides evidence on the valuation and presentation of the respective client positions on the balance sheet, both assets and liabilities. With performing the respective audit work over the model and the related client positions we also gained evidence over the continuity of ABN AMRO Clearing Bank N.V. given the vital role of the model for ABN AMRO Clearing Bank N.V.'s liquidity and business model.

Our observation

During the financial year ABN AMRO Clearing Bank N.V. was faced with a client loss due to the devaluation of the Swiss Franc (reference is made to the section 'financial review 2015' of the Management Board Report) as insufficient collateral was calculated due to the parameter setting in the model. As a consequence the model and the parameter setting have been reviewed by management resulting in an amendment of the requested collateral from the clients.
Our audit procedures on the model did not result in significant findings with respect to the valuation and presentation of the client positions in the financial statements.

Diversity and complexity of fee arrangements and fee revenues

Description

ABN AMRO Clearing Bank N.V.'s revenues mainly consist of fee and commission income and interest margin. For the fee and commission income ABN AMRO Clearing Bank N.V. operates a client customizable approach in which most clients have a specifically agreed upon fee per product and in some cases added with certain volume-driven incentives. Considering the volume of ABN AMRO Clearing Bank N.V.'s client base and its product suite this results in a considerable level of different revenue components to be defined when auditing the overall fee and commission revenue in the consolidated financial statements, making this a key matter for our audit. Reference is made to Note 2 of the financial statements.

Our response

We have performed specific audit procedures on ABN AMRO Clearing Bank N.V.'s internal control framework over its fee and commission revenue. In this respect we tested design, implementation and operating effectiveness of the relevant internal controls.

Besides controls testing we also performed substantive procedures, among others, sending debtor confirmations and reconciling source data systems to ABN AMRO Clearing Bank N.V.'s financial reporting system. Also we have assessed how fee agreements are reached and documented as the diversity of fees combined with a large volume of clients increases the risk of error.

Additionally, we tested the adequacy of disclosure regarding the recognition of the fee and commission revenue.

Our observation

Based on our procedures, we have no significant findings regarding the recognition of the fee and commission income and interest margin.

We noted that the fee and commission revenue is appropriately disclosed in note 2 in accordance with the accounting principles of ABN AMRO Clearing Bank N.V.

Reliability and continuity of the information technology and systems

Description

ABN AMRO Clearing Bank N.V. is heavily dependent on its IT-infrastructure for the continuity of its operations. ABN AMRO Clearing Bank N.V. makes significant investments in its IT systems and – processes as it is continuously improving the efficiency and effectiveness of the IT-infrastructure and the reliability and continuity of the electronic data processing. For example to remediate identified weaknesses and inefficiencies and to accommodate the IT changes as a result of the ongoing regulatory changes imposed on the banking industry like MIFID II/MIFIR and EMIR. We have therefore identified this as a key audit matter.

KPMG

Reliability and continuity of the information technology and systems
Our response We have assessed the reliability and continuity of the electronic data processing, as far as necessary within the scope of our audit. For that purpose we included IT-auditors in our audit team. Our procedures included the assessment of the change management organisation in the IT-domain and tested the relevant internal controls with respect to IT-systems and -processes of the transaction processing applications, the risk management applications and the exchange connector.
Our observation Our test procedures on the design, implementation and operating effectiveness of IT control measures, did not result in significant findings on the reliability and continuity of the electronic data processing for the purpose of the audit of the financial statements.

Responsibilities of Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Managing Board Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, Managing Board is responsible for such internal control as Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, Managing Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, Managing Board should prepare the financial statements using the going concern basis of accounting unless Managing Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and frauds. For a further description of our responsibilities in respect of an audit of financial statements in general, we refer to the website of the professional body for accountants in the Netherlands (NBA) www.nba.nl/standardtexts-auditorsreport

Report on other legal and regulatory requirements

Report on the Managing Board Report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Managing Board Report and other information):

- We have no deficiencies to report as a result of our examination whether the Managing Board Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Managing Board Report, to the extent we can assess, is consistent with the financial statements.

Engagement
We were appointed prior to 2003 for the first time as auditor of ABN AMRO Clearing Bank N.V. and operated as auditor since then. We were re-appointed as auditor of ABN AMRO Clearing Bank N.V. through our appointment as auditor of ABN AMRO Group N.V. and it's group entities for the financial years 2013, 2014 and 2015 by the Special General Meeting of Shareholders of 18 December 2012. In this role we perform the financial statements audit. For the 2016 financial statements we will rotate from this audit.

Amstelveen, 18 May 2016

KPMG Accountants N.V.

M.A. Huiskers RA

Composition of the Supervisory Board

Supervisory Board

At year-end 2015, the Supervisory Board consisted of the following members:

R.V.C. Schellens (Male)

A.J.B.M. Peek (Male)

F.M.R. van der Horst (Male)

A. Rahusen (Male)

R.G.J. Zijlstra (Male)

Composition of the Managing Board

Managing board	Principal Responsibilities
M.C. Jongmans (Male)	Chairman
J.B.M. de Boer (Male)	Chief Commercial Officer
A. Bolkovic (Male)	Global Head Products & Services
B. Duinstra (Male)	Chief Risk Officer
L.M.R. Vanbockrijck (Female)	Chief Financial Officer

Rules on profit appropriation as set out in the Articles of Association

The profit shown in the income statement as adopted by the General Meeting of Shareholders has been placed at the disposal of the General Meeting of Shareholders.

Profit appropriation

The ABN AMRO group policy is to upstream dividends from subsidiaries where appropriate. The dividend 2015 will be based on our current and projected consolidated capital ratio's and local regulatory and exchange requirements in combination with our growth strategy. AACB proposes not to pay any dividend due to higher regulatory capital requirements. The final dividend amount will be decided at the General Meeting of Shareholders in May 2016.

Address

ABN AMRO Clearing Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
the Netherlands

Mailing address:
P.O.Box 283
1000 EA Amsterdam
the Netherlands

abnamroclearing.com