



The Royal Bank of Scotland N.V., (Hong Kong) Branch

Financial Disclosure Statements

31 December 2013

The Royal Bank of Scotland N.V., (Hong Kong) Branch
Financial Disclosure Statements for the year ended 31 December 2013

In compliance with the disclosure standards set out in the "Banking (Disclosure) Rules" issued by Hong Kong Monetary Authority ("HKMA"), the following key financial information has been provided. The information is also available at the branch of the Bank (30/F, AIA Central, 1 Connaught Road Central, Hong Kong) and the Public Registry of HKMA.

Profit and Loss Information	Year ended 31 Dec 2013 HK\$'000	Year ended 31 Dec 2012 HK\$'000
Interest income	63,268	256,846
Interest expense	(46,658)	(164,100)
Net interest income	<u>16,610</u>	<u>92,746</u>
Other operating income		
Net gains arising from trading in foreign currencies	-	12,718
Net (losses)/gains from other trading activities	(18)	36,396
Net fees and commission income	2,783	164,741
Others	83,057	495,020
<i>Total operating income</i>	<u>102,432</u>	<u>801,621</u>
Operating expenses	(260,203)	(808,432)
Net release for impairment losses and provisions for impaired loans and receivables	4,390	9,693
<i>(Loss)/profit before taxation</i>	<u>(153,381)</u>	<u>2,882</u>
Tax income	2,732	32,073
(Loss)/profit for the year	(150,649)	34,955
Balance Sheet Information	31 Dec 2013 HK\$'000	30 Jun 2013 HK\$'000
<i>Assets</i>		
Cash and balances with banks	236,092	706,821
Advances and other accounts	1,713,526	1,814,629
Investment securities	150,430	155,033
Other investments	1,297	897
Total assets	2,101,345	2,677,380
<i>Liabilities</i>		
Deposits and balances of banks	61,339	1,914,290
Deposits from customers	11,425	37,221
Amount due to overseas offices of the institution	1,566,268	-
Issued investment securities	150,430	155,033
Other accounts and provisions	311,883	570,836
Total liabilities	2,101,345	2,677,380

Additional Profit and Loss Information

	Year ended 31 Dec 2013 HK\$'000	Year ended 31 Dec 2012 HK\$'000
<i>Net fees and commission income</i>		
Fees and commission income	4,970	167,277
Fees and commission expense	(2,187)	(2,536)
	<u>2,783</u>	<u>164,741</u>
<i>Operating expenses</i>		
Staff expenses	(11,444)	(450,357)
Rental expenses	-	(38,084)
Others	(248,759)	(319,991)
	<u>(260,203)</u>	<u>(808,432)</u>

Additional Balance Sheet Information

	31 Dec 2013 HK\$'000	30 Jun 2013 HK\$'000
<i>Advances and other accounts</i>		
Advances to customers	1,478,068	1,607,208
Impairment allowances		
Collective impairment allowances [#]	-	-
Individual impairment allowances	(43,670)	(47,094)
	<u>1,434,398</u>	<u>1,560,114</u>
Other accounts		
Accrued interest receivable	4,876	5,390
Other accounts and receivables	274,252	249,125
	<u>279,128</u>	<u>254,515</u>
	<u>1,713,526</u>	<u>1,814,629</u>
<i>Trade bills</i>		
Trade bills	1,026	1,337
Impairment allowances		
Collective impairment allowances [#]	-	-
Individual impairment allowances	(1,026)	(1,337)
	<u>-</u>	<u>-</u>

[#] Collective impairment allowances for impaired assets are made at Group level for the Royal Bank of Scotland N.V. None of these allowances have been assigned to the Hong Kong Branch.

Deposits from customers

Demand deposits and current accounts	5,878	26,178
Savings deposits	5,547	2,840
Time, call and notice deposits	-	8,203
	<u>11,425</u>	<u>37,221</u>

Other accounts and provisions

Accrued interest payable	139	232
Other accounts and payables	311,744	570,604
	<u>311,883</u>	<u>570,836</u>

Analysis of impaired loans

Upon adoption of HKAS39, the concept of suspended interest and non-performing advances are no longer relevant as interest is recognized on the recoverable element of impaired advances. Impaired advances are incurred if there is objective evidence of impairment resulting from loss event and the loss event has an impact on the estimated future cash flows of the advances that can be reliably estimated.

	31 Dec 2013 HK\$'000	30 Jun 2013 HK\$'000
Gross impaired advances to customers which are individually determined to be impaired	43,670	57,205
Individual impairment allowances	(43,670)	(47,094)
	-	10,111
Percentage of impaired advances to total advances to customers	3.0%	3.6%
Current market value of collateral related to impaired advances to customers	-	-
Covered portion of impaired advances to customers	-	-
Uncovered portion of impaired advances to customers	43,670	57,205

As at 31 December 2013 and 30 June 2013, there were no impaired advances to banks.

Analysis of overdue advances to customers

	31 Dec 2013 HK\$'000	*	30 Jun 2013 HK\$'000	*
		%		%
<i>Gross advances to customers which have been overdue with respect to either principal or interest for periods of:</i>				
Six months or less but over three months	-	-	-	-
One year or less but over six months	-	-	-	-
Over one year	43,670	3.0	57,205	3.6
	43,670	3.0	57,205	3.6
Current market value of collateral held against the covered portion of overdue advances to customers	-		-	
Covered portion of overdue advances to customers	-		-	
Uncovered portion of overdue advances to customers	43,670		57,205	
Individual impairment allowances against overdue advances to customers	43,670		47,094	

As at 31 December 2013 and 30 June 2013, there were no overdue advances to banks.

*as a percentage of total advances to customers

Analysis of rescheduled advances to customers

There were no rescheduled advances to customers which have been overdue for more than 3 months included in the above "Analysis of overdue advances to customers" as at 31 December 2013 and 30 June 2013.

As at 31 December 2013 and 30 June 2013, there were no rescheduled advances to banks.

Analysis of overdue other assets – trade bills

	31 Dec 2013 HK\$'000	30 Jun 2013 HK\$'000
<i>Other assets which have been overdue with respect to either principal or interest for periods of:</i>		
Six months or less but over three months	-	-
One year or less but over six months	-	-
Over one year	1,026	1,337
	1,026	1,337

Repossessed assets

As at 31 December 2013 and 30 June 2013, there were no repossessed assets.

Off-balance sheet exposures

Contractual/ Notional amounts of each of the following class of off-balance sheet exposures outstanding:

Contingent liabilities and commitments

Transaction-related contingencies	151,579	196,094
Other commitments	68,825	37,516
	<u>220,404</u>	<u>233,610</u>

Derivatives

	31 Dec 2013	30 Jun 2013
	HK\$'000	HK\$'000
Exchange rate contracts	-	-
Interest rate contracts	-	-
Others	-	-
	<u>-</u>	<u>-</u>

The contract amount of these instruments indicates the volume of transactions outstanding as at the balance sheet date. They do not represent the value at risk.

	31 Dec 2013		30 Jun 2013	
	HK\$'000		HK\$'000	
	Fair value	Fair value	Fair value	Fair value
	assets	liabilities	assets	liabilities
Exchange rate contracts	-	-	-	-
Interest rate contracts	-	-	-	-
Others	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The contractual amount and fair value above do not take into account the effect of bilateral netting arrangements.

Advances to customers by industry sectors

	31 Dec 2013		30 Jun 2013	
	Gross loans and advances HK\$'000	% of gross loans covered by collateral %	Gross loans and advances HK\$'000	% of gross loans covered by collateral %
<i>Loan for use in Hong Kong</i>				
Industrial, commercial and financial :				
Property development	-	-	-	-
Financial concerns	-	-	-	-
Wholesale and retail trade	-	-	1	-
<i>Loans for use in Hong Kong</i>	-	-	1	-
<i>Trade finance</i>	38,752	-	39,910	-
<i>Loans for use outside Hong Kong</i>	1,439,316	96.28	1,567,297	54.17
	1,478,068	93.76	1,607,208	52.83

Analysis of advances to customers by significant geographical area

	Gross advances to customers HK\$'000	Advances overdue for over three months HK\$'000	Impaired advances to customers HK\$'000	Individual impairment allowances HK\$'000
<u>As at 31 Dec 2013</u>				
Pakistan	378,350	-	-	-
China	195,269	3,240	3,240	3,240
South Korea	841,525	-	-	-
<u>As at 30 Jun 2013</u>				
Pakistan	398,407	-	-	-
China	169,635	15,107	15,107	4,996
South Korea	899,382	-	-	-

Significant geographical area constitutes 10% or more of the aggregate gross amount of advances to customers after taking into consideration of transfers of risks.

Analysis of cross-border claims by significant geographical area (excluding claims against head office, branches or subsidiaries)

	Banks and other financial institutions	Public sector Entities	Others	Total
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
<u>As at 31 Dec 2013</u>				
Asia Pacific excluding Hong Kong	26	-	1,444	1,470
of which China	26	-	196	222
of which Pakistan	-	-	380	380
of which South Korea	-	-	845	845
Western Europe	462	-	-	462
of which UK	281	-	-	281
<u>As at 30 Jun 2013</u>				
Asia Pacific excluding Hong Kong	-	-	1,027	1,027
of which China	-	-	170	170
of which Pakistan	-	-	400	400
of which South Korea	-	-	902	902
Western Europe	691	-	69	760
of which UK	690	-	-	690

Significant geographical area constitutes 10% or more of the aggregate cross-border claims after taking into consideration of transfers of risks.

Non-bank Mainland Exposures

As at 31 Dec 2013

	On-balance sheet exposure	Off-balance sheet exposure	Total exposures	Individual impairment allowances
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Companies and individuals outside Mainland where the credit is granted for use in Mainland	6	-	6	6
Other counterparties where the exposures are considered by the Bank to be non-bank Mainland exposures	195	-	195	3
Total	201	-	201	9

As at 30 Jun 2013

	On-balance sheet exposure	Off-balance sheet exposure	Total exposures	Individual impairment allowances
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Companies and individuals outside Mainland where the credit is granted for use in Mainland	8	-	8	8
Other counterparties where the exposures are considered by the Bank to be non-bank Mainland exposures	170	-	170	5
Total	178	-	178	13

Currency risks

Foreign currency exposures arising from trading, non-trading and structural positions with net position (in absolute terms) in a particular foreign currency constituting not less than 10% of the total net position in all foreign currencies are disclosed as follows:

As at 31 Dec 2013

Equivalent in millions of HK\$	USD	GBP	Total
Spot assets	1,713	80	1,793
Spot liabilities	(1,730)	(99)	(1,829)
Forward purchases	-	-	-
Forward sales	-	-	-
Net option position *	-	-	-
Net long position	(17)	(19)	(36)

Net structural position

-	-	-
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As at 30 Jun 2013

Equivalent in millions of HK\$	USD	GBP	Total
Spot assets	2,023	132	2,155
Spot liabilities	(1,989)	(132)	(2,121)
Forward purchases	-	-	-
Forward sales	-	-	-
Net option position *	-	-	-
Net (short) position	34	-	34

Net structural position

-	-	-
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* The delta equivalent approach was used for calculating the net position in options.

Average liquidity ratio for the financial year

Year ended	Year ended
31 Dec 2013	31 Dec 2012
176.00%	92.97%

RBS Holdings N.V.

Group Information (consolidated basis)

	30 Jun 2013 (in EUR million)	31 Dec 2012 (in EUR million)
Capital and capital adequacy		
Shareholders equity	2,484	1,799
Capital adequacy ratio		
Tier 1 capital ratio	21.4%	13.9%
Total capital ratio	24.9%	19.8%
The risk-based capital ratios have been calculated in accordance with the Basel Capital Accord and the European Community's Capital Adequacy Directive ("CAD"). An allowance for market risk has been incorporated in the calculation.		
Other financial information		
	30 Jun 2013 (in EUR million)	31 Dec 2012 (in EUR million)
Total assets	55,101	70,954
Total liabilities (excluding subordinated liabilities)	45,526	62,304
Total loans and advances	5,461	6,380
Total customer deposits	4,393	2,638
	6 months ended 30 Jun 2013 (in EUR million)	6 months ended 30 Jun 2012 (in EUR million)
Group loss before tax	(56)	(841)

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