



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

**Financial Disclosure Statements**

**31 December 2014**

**The Royal Bank of Scotland N.V., (Hong Kong) Branch**  
**Financial Disclosure Statements for the year ended 31 December 2014**

In compliance with the disclosure standards set out in the “Banking (Disclosure) Rules” issued by the Hong Kong Monetary Authority (“HKMA”), the following key financial information has been provided. The information is also available at the branch of the Bank (7/F, Lincoln House, Taikoo Place, 979 King’s Road, Quarry Bay) and the Public Registry of the HKMA.

**Profit and Loss Information**

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	22,519	63,268
Interest expense	(8,935)	(46,658)
Net interest income	<u>13,584</u>	<u>16,610</u>
Other operating income		
Net losses from other trading activities	-	(18)
Net fees and commission income	9,689	2,783
Others	(32,866)	83,057
<i>Total operating (loss)/ income</i>	<u>(9,593)</u>	<u>102,432</u>
Operating expenses	21,825	(260,203)
Net release for impairment losses and provisions for impaired loans and receivables	<u>3,277</u>	<u>4,390</u>
<i>Profit/(loss) before taxation</i>	<u>15,509</u>	<u>(153,381)</u>
Tax income	-	2,732
<b>Profit/(loss) for the year</b>	<b><u>15,509</u></b>	<b><u>(150,649)</u></b>

**Balance Sheet Information**

	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>		
Cash and balances with banks	781,230	216,580
Advances and other accounts	994,932	1,549,044
Investment securities	73,883	141,986
Other investments	1,639	1,858
<b>Total assets</b>	<b><u>1,851,684</u></b>	<b><u>1,909,468</u></b>
<b>Liabilities</b>		
Deposits and balances of banks	34,417	17,456
Deposits from customers	6,544	6,295
Amount due to overseas offices of the institution	1,458,053	1,457,150
Issued investment securities	73,883	141,986
Other accounts and provisions	<u>278,787</u>	<u>286,581</u>
<b>Total liabilities</b>	<b><u>1,851,684</u></b>	<b><u>1,909,468</u></b>

<b>Additional Profit and Loss Information</b>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net fees and commission income</b>		
Fees and commission income	11,065	4,970
Fees and commission expense	(1,376)	(2,187)
	<u>9,689</u>	<u>2,783</u>
<b>Other operating income - Others</b>		
Investment (loss)/gain	(32,906)	37,254
Regional recharges income	-	40,521
Others	40	5,282
	<u>(32,866)</u>	<u>83,057</u>
<b>Operating expenses</b>		
Staff expenses	(8,666)	(11,444)
Recoveries of prior year provision	37,550	-
Others	(7,059)	(248,759)
	<u>21,825</u>	<u>(260,203)</u>
<b>Additional Balance Sheet Information</b>		
	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Advances and other accounts</b>		
Advances to customers	761,728	1,342,830
Impairment allowances		
Collective impairment allowances <sup>#</sup>	-	-
Individual impairment allowances	(5,446)	(40,418)
	<u>756,282</u>	<u>1,302,412</u>
Other accounts		
Accrued interest receivable	1,974	4,230
Other accounts and receivables	236,676	242,402
	<u>238,650</u>	<u>246,632</u>
	<u>994,932</u>	<u>1,549,044</u>
<b>Trade bills</b>		
Trade bills	1,026	1,025
Impairment allowances		
Collective impairment allowances <sup>#</sup>	-	-
Individual impairment allowances	(1,026)	(1,025)
	<u>-</u>	<u>-</u>
<i># Collective impairment allowances for impaired assets are made at head office level.</i>		
<b>Provisions made by the head office against the exposures of the branch</b>		
Collective impairment allowances <sup>#</sup>	7,597	6,694
Individual impairment allowances	-	-
	<u>7,597</u>	<u>6,694</u>

#### **Loan impairment allowances**

Loan impairment allowances are established to recognise incurred impairment losses in its portfolio of loans classified as loans and receivables and carried at amortised cost. A loan is impaired when there is objective evidence that events since the loan was granted have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate. There are two components to the branch's loan impairment provisions: individual and collective.

### ***Loan impairment provisions (Continued)***

Individual impairment allowances - all impaired loans that exceed specific thresholds are individually assessed for impairment. Individually assessed loans principally comprise the branch's portfolio of commercial loans to medium and large businesses. Impairment losses are recognised as the difference between the carrying value of the loan and the discounted value of management's best estimate of future cash repayments and proceeds from any security held. These estimates take into account the customer's debt capacity and financial flexibility; the level and quality of its earnings; the amount and sources of cash flows; the industry in which the counterparty operates; and the realisable value of any security held. Estimating the quantum and timing of future recoveries involves significant judgement. The size of receipts will depend on the future performance of the borrower and the value of security, both of which will be affected by future economic conditions; additionally, collateral may not be readily marketable. The actual amount of future cash flows and the date they are received may differ from these estimates and consequently actual losses incurred may differ from those recognised in these financial statements.

#Collective impairment allowances - this is made up of two elements: loan impairment provisions for impaired loans that are below individual assessment thresholds (collectively assessed provisions) and for loan losses that have been incurred but have not been separately identified at the balance sheet date (latent loss provisions). Collectively assessed provisions are established on a portfolio basis using a present value methodology taking into account the level of arrears, security, past loss experience, credit scores and defaults based on portfolio trends. The most significant factors in establishing these provisions are the expected loss rates and the related average life. The Royal Bank of Scotland N.V., (Hong Kong) Branch does not have portfolio subjected to collectively assessed provisions. Latent loss provisions are held against estimated impairment losses in the performing portfolio that have yet to be identified as at the balance sheet date. To assess the latent loss within its portfolios, the Group has developed methodologies to estimate the time that an asset can remain impaired within a performing portfolio before it is identified and reported as such. Latent loss provisions are provided at head office level.

	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b><i>Deposits from customers</i></b>		
Demand deposits and current accounts	6,335	6,055
Savings deposits	209	240
Time, call and notice deposits	-	-
	<hr/> 6,544	<hr/> 6,295
	<hr/> <hr/>	<hr/> <hr/>
<b><i>Other accounts and provisions</i></b>		
Accrued interest payable	617	27
Other accounts and payables	278,170	286,554
	<hr/> 278,787	<hr/> 286,581
	<hr/> <hr/>	<hr/> <hr/>

### ***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.

	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gross impaired advances to customers which are individually determined to be impaired	5,446	40,418
Individual impairment allowances	(5,446)	(40,418)
	<hr/> -	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>
Percentage of impaired advances to total advances to customers	<hr/> 0.7%	<hr/> 3.0%
	<hr/> <hr/>	<hr/> <hr/>
Current market value of collateral related to impaired advances to customers	-	-
	<hr/> <hr/>	<hr/> <hr/>
Covered portion of impaired advances to customers	-	-
	<hr/> <hr/>	<hr/> <hr/>
Uncovered portion of impaired advances to customers	<hr/> 5,446	<hr/> 40,418
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2014 and 30 June 2014, there were no impaired advances to banks.

*Analysis of overdue advances to customers*

	<b>31 Dec 2014</b>	*	<b>30 Jun 2014</b>	*
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
<b>Gross advances to customers which have been overdue with respect to either principal or interest for periods of:</b>				
Six months or less but over three months	-	-	-	-
One year or less but over six months	-	-	-	-
Over one year	5,446	0.7	40,418	3.0
	<u>5,446</u>	<u>0.7</u>	<u>40,418</u>	<u>3.0</u>
Current market value of collateral held against the covered portion of overdue advances to customers	<u>-</u>		<u>-</u>	
Covered portion of overdue advances to customers	<u>-</u>		<u>-</u>	
Uncovered portion of overdue advances to customers	<u>5,446</u>		<u>40,418</u>	
Individual impairment allowances against overdue advances to customers	<u>5,446</u>		<u>40,418</u>	

As at 31 December 2014 and 30 June 2014, 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 2014 and 30 June 2014.

As at 31 December 2014 and 30 June 2014, there were no rescheduled advances to banks.

**Analysis of overdue other assets – trade bills**

	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other assets which have been overdue with respect to either principal or interest for periods of:</b>		
Six months or less but over three months	-	-
One year or less but over six months	-	-
Over one year	1,026	1,025
	<u>1,026</u>	<u>1,025</u>

**Repossessed assets**

As at 31 December 2014 and 30 June 2014, there were no repossessed assets.

**Off-balance sheet exposures**

<b>Contractual/ notional amounts of each of the following class of off-balance sheet exposures outstanding:</b>	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Contingent liabilities and commitments</b>		
Transaction-related contingencies	280	131,393
Forward forward deposits placed	44	-
	<u>324</u>	<u>131,393</u>

<i>Derivatives</i>	31 Dec 2014 HK\$'000	30 Jun 2014 HK\$'000
Exchange rate contracts	-	-
Interest rate contracts	-	-
Others	-	-
	-	-

*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 2014 HK\$'000		30 Jun 2014 HK\$'000	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate contracts	-	-	-	-
Interest rate contracts	-	-	-	-
Others	-	-	-	-
	-	-	-	-

*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 2014		30 Jun 2014	
	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	-	-	-	-
<i>Loans for use in Hong Kong</i>	-		-	
<i>Trade finance</i>	3,767	-	38,739	-
<i>Loans for use outside Hong Kong</i>	757,961	44.67	1,304,091	27.47
	761,728	44.45	1,342,830	26.68

#### 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
<b><u>As at 31 Dec 2014</u></b>				
Chile	-	-	-	-
US	288,106	-	-	-
Pakistan	338,602	-	-	-
Angola	112,370	-	-	-
<b><u>As at 30 Jun 2014</u></b>				
Chile	449,100	-	-	-
US	334,289	-	-	-
Pakistan	358,298	-	-	-
Angola	126,338	-	-	-

*Significant geographical area constitutes 10% or more of the aggregate gross amount of advances to customers after taking into consideration of transfers of risks. Figures of the previous period have been adjusted as for the comparison with figures of the current period.*

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

	<b>Banks and other financial institutions HK\$'m</b>	<b>Public sector Entities HK\$'m</b>	<b>Others HK\$'m</b>	<b>Total HK\$'m</b>
<b><u>As at 31 Dec 2014</u></b>				
Asia Pacific excluding Hong Kong <i>of which Pakistan</i>	43 -	- -	340 340	383 340
North America <i>of which United States</i>	- -	- -	289 289	289 289
Latin America <i>of which Chile</i>	- -	- -	- -	- -
Western Europe <i>of which UK</i>	775 774	- -	17 -	792 774
<b><u>As at 30 Jun 2014</u></b>				
Asia Pacific excluding Hong Kong <i>of which Pakistan</i>	23 -	- -	359 358	382 358
North America <i>of which United States</i>	- -	- -	335 335	335 335
Latin America <i>of which Chile</i>	- -	- -	451 451	451 451
Western Europe <i>of which UK</i>	233 233	- -	35 -	268 233

*Significant geographical area constitutes 10% or more of the aggregate cross-border claims after taking into consideration of transfers of risks. Figures of the previous period have been adjusted as for the comparison with figures of the current period.*

**Non-bank Mainland exposures**

**As at 31 Dec 2014**

	<b>On-balance sheet exposure HK\$'m</b>	<b>Off-balance sheet exposure HK\$'m</b>	<b>Total HK\$'m</b>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	-	6
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	130	-	130
<b>Total</b>	<b>136</b>	<b>-</b>	<b>136</b>
Total assets after provision	1,852		
On-balance sheet exposures as percentage of total assets	7.36%		

**Non-bank Mainland exposures (Continued)**  
**As at 30 Jun 2014**

	On-balance sheet exposure HK\$m	Off-balance sheet exposure HK\$m	Total HK\$m
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	-	6
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	161	-	161
Total	<u>167</u>	<u>-</u>	<u>167</u>
Total assets after provision	<u>1,909</u>		
On-balance sheet exposures as percentage of total assets	<u>8.78%</u>		

*Figures of the previous period have been adjusted as for the comparison with figures of the current period.*



## 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 2014

Equivalent in millions of HK\$	USD	CNY	Total
Spot assets	1,547	200	1,747
Spot liabilities	(1,534)	(198)	(1,732)
Forward purchases	-	-	
Forward sales	-	-	
Net option position *	-	-	
Net long position	13	2	15
Net structural position	-	-	-

### As at 30 Jun 2014

Equivalent in millions of HK\$	USD	CNY	Total
Spot assets	1,625	175	1,800
Spot liabilities	(1,615)	(173)	(1,788)
Forward purchases	-	-	
Forward sales	-	-	
Net option position *	-	-	
Net long position	10	2	12
Net structural position	-	-	-

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

Average liquidity ratio for the financial year	31 Dec 2014	31 Dec 2013
	563.78%	176.00%

## RBS Holdings N.V.

### Group Information (consolidated basis)

	30 Jun 2014 (in EUR million)	31 Dec 2013 (in EUR million)
<b>Capital and capital adequacy</b>		
Shareholders equity	3,430	2,942
Capital adequacy ratio		
Tier 1 capital ratio	19.8%	23.2%
Total capital ratio	19.8%	26.1%
The risk-based capital ratios have been calculated in accordance with the Basel Capital Accord and the European Community's Capital Adequacy Directive. An allowance for market risk has been incorporated in the calculation.		
<b>Other financial information</b>		
	30 Jun 2014 (in EUR million)	31 Dec 2013 (in EUR million)
Total assets	35,914	39,808
Total liabilities	32,484	36,866
Total liabilities (excluding subordinated liabilities)	27,891	31,915
Total loans and advances	3,024	3,784
Total customer deposits	1,655	4,151
	6 months ended 30 Jun 2014 (in EUR million)	6 months ended 30 Jun 2013 (in EUR million)
Group profit / (loss) before tax	74	(39)

Figures of the previous period have been adjusted as for the comparison with figures of the current period.

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