

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

Financial Disclosure Statements

30 June 2013

The Royal Bank of Scotland N.V., (Hong Kong) Branch
Financial Disclosure Statements for the six months ended 30 June 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	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Interest income	32,467	203,707
Interest expense	(27,626)	(112,232)
Net interest income	<u>4,841</u>	<u>91,475</u>
Other operating income		
Gains less losses arising from trading in foreign currencies	(485)	13,231
Gains less losses on securities held for trading purposes	-	1
Gains less losses from other trading activities	(18)	228,383
Net fees and commission income	20,698	146,491
Others	79,278	641,005
<i>Total operating income</i>	<u>104,314</u>	<u>1,120,586</u>
Operating expenses	(47,540)	(573,909)
Impairment losses and allowances credited for impaired loans	410	9,693
<i>Profit before taxation</i>	<u>57,184</u>	<u>556,370</u>
Tax income	<u>2,732</u>	<u>32,073</u>
Profit for the period	<u>59,916</u>	<u>588,443</u>
Balance Sheet Information	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
<i>Assets</i>		
Cash and balances with banks	706,821	1,295,883
Amount due from overseas offices of the institution	-	2,101
Advances and other accounts	1,814,629	3,215,028
Available-for-sale securities	155,033	198,070
Other investments	897	150,473
Total assets	<u>2,677,380</u>	<u>4,861,555</u>
<i>Liabilities</i>		
Deposits and balances of banks	1,914,290	2,976,002
Deposits from customers	37,221	105,480
Issued debt securities	155,033	198,070
Other accounts and provisions	570,836	1,582,003
Total liabilities	<u>2,677,380</u>	<u>4,861,555</u>

Additional Profit and Loss Information

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
<i>Net fees and commission income</i>		
Fees and commission income	21,773	148,550
Fees and commission expense	(1,075)	(2,059)
	<u>20,698</u>	<u>146,491</u>
<i>Operating expenses</i>		
Staff expenses	(2,926)	(297,731)
Rental expenses	(3)	(35,244)
Others	(44,611)	(240,934)
	<u>(47,540)</u>	<u>(573,909)</u>

Additional Balance Sheet Information

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
<i>Advances and other accounts</i>		
Advances to customers	1,607,208	2,798,998
Impairment allowances		
Collective impairment allowances [#]	-	-
Individual impairment allowances	(47,094)	(74,577)
	<u>1,560,114</u>	<u>2,724,421</u>
Other accounts		
Accrued interest receivable	5,390	9,650
Other accounts and receivables	249,125	480,957
	<u>254,515</u>	<u>490,607</u>
	<u>1,814,629</u>	<u>3,215,028</u>
<i>Trade bills</i>		
Trade bills	1,337	1,336
Impairment allowances		
Collective impairment allowances [#]	-	-
Individual impairment allowances	(1,337)	(1,336)
	<u>-</u>	<u>-</u>

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

Deposits from customers

Demand deposits and current accounts	26,178	36,220
Savings deposits	2,840	25,560
Time, call and notice deposits	8,203	43,700
	<u>37,221</u>	<u>105,480</u>

Other accounts and provisions

Accrued interest payable	232	9,845
Other accounts and payables	570,604	1,572,158
	<u>570,836</u>	<u>1,582,003</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.

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Gross impaired advances to customers which are individually determined to be impaired	57,205	103,314
Individual impairment allowances	(47,094)	(74,577)
	<u>10,111</u>	<u>28,737</u>
Percentage of impaired advances to total advances to customers	<u>3.6%</u>	<u>3.7%</u>
Current market value of collateral related to impaired advances to customers	<u>-</u>	<u>-</u>
Covered portion of impaired advances to customers	<u>-</u>	<u>-</u>
Uncovered portion of impaired advances to customers	<u>57,205</u>	<u>103,314</u>

As at 30 June 2013 and 31 December 2012, there were no impaired advances to banks.

Analysis of overdue advances to customers

	30 Jun 2013 HK\$'000	* %	31 Dec 2012 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	-	-	23,254	0.8
One year or less but over six months	-	-	-	-
Over one year	57,205	3.6	80,060	2.9
	<u>57,205</u>	<u>3.6</u>	<u>103,314</u>	<u>3.7</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>57,205</u>		<u>103,314</u>	
Individual impairment allowances against overdue advances to customers	<u>47,094</u>		<u>74,577</u>	

As at 30 June 2013 and 31 December 2012, 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 30 June 2013 and 31 December 2012.

As at 30 June 2013 and 31 December 2012, there were no rescheduled advances to banks.

Analysis of overdue other assets – trade bills

	30 Jun 2013 HK\$'000	31 Dec 2012 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	1,337	1,336
	<u>1,337</u>	<u>1,336</u>

Repossessed assets

As at 30 June 2013 and 31 December 2012, 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	196,094	204,078
Other commitments	37,516	39,120
	<u>233,610</u>	<u>243,198</u>

Derivatives

	30 Jun 2013	31 Dec 2012
	HK\$'000	HK\$'000
Exchange rate contracts	-	53,251
Interest rate contracts	-	51,006
Others	-	13,363
	<u>-</u>	<u>117,620</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.

	30 Jun 2013		31 Dec 2012	
	HK\$'000		HK\$'000	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate contracts	-	-	556	556
Interest rate contracts	-	-	72	54
Others	-	-	-	-
	<u>-</u>	<u>-</u>	<u>628</u>	<u>610</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

	30 Jun 2013		31 Dec 2012	
	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	-	-	637,506	100.00
Financial concerns	-	-	2	-
Wholesale and retail trade	1	-	4	-
<i>Loans for use in Hong Kong</i>	1		637,512	
<i>Trade finance</i>	39,910	-	67,016	-
<i>Loans for use outside Hong Kong</i>	1,567,297	54.17	2,094,470	62.92
	1,607,208	52.83	2,798,998	69.86

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 30 Jun 2013</u>				
Hong Kong	42,100	42,098	42,098	42,098
Pakistan	398,407	-	-	-
Chile	472,051	-	-	-
China	15,107	15,107	15,107	4,996
South Korea	427,331	-	-	-
<u>As at 31 Dec 2012</u>				
Hong Kong	456,780	69,205	69,205	69,205
Pakistan	418,047	-	-	-
Chile	485,934	-	-	-
China	671,616	34,109	34,109	5,372
South Korea	473,410	-	-	-

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 30 Jun 2013</u>				
Asia Pacific excluding Hong Kong	-	-	872	872
<i>of which China</i>	-	-	15	15
<i>of which Pakistan</i>	-	-	400	400
<i>of which South Korea</i>	-	-	428	428
Latin America	-	-	474	474
<i>of which Chile</i>	-	-	474	474
Western Europe	691	-	69	760
<i>of which UK</i>	690	-	-	690
<u>As at 31 Dec 2012</u>				
Asia Pacific excluding Hong Kong	-	-	1,607	1,607
<i>of which China</i>	-	-	674	674
<i>of which Pakistan</i>	-	-	419	419
<i>of which South Korea</i>	-	-	475	475
Latin America	-	-	489	489
<i>of which Chile</i>	-	-	489	489
Western Europe	1,296	-	87	1,383
<i>of which UK</i>	1,294	-	-	1,294

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 30 Jun 2013

	On-balance sheet exposure	Off-balance sheet exposure	Total exposures	Individual impairment allowances
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Mainland entities	-	-	-	-
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	-	-	-	-
Total	8	-	8	8

As at 31 Dec 2012

	On-balance sheet exposure	Off-balance sheet exposure	Total exposures	Individual impairment allowances
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Mainland entities	-	-	-	-
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	1,025	-	1,025	-
Total	1,033	-	1,033	8

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 30 Jun 2013

Equivalent in millions of HK\$	USD	EUR	GBP	Total
Spot assets	2,023	67	132	2,222
Spot liabilities	(1,989)	(66)	(132)	(2,187)
Forward purchases	-	-	-	-
Forward sales	-	-	-	-
Net option position *	-	-	-	-
Net long position	34	1	-	35

Net structural position

-	-	-	-
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As at 31 Dec 2012

Equivalent in millions of HK\$	USD	EUR	GBP	Total
Spot assets	3,350	121	405	3,876
Spot liabilities	(3,363)	(144)	(434)	(3,941)
Forward purchases	26	-	-	26
Forward sales	(26)	-	-	(26)
Net option position *	-	-	-	-
Net (short) position	(13)	(23)	(29)	(65)

Net structural position

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

	6 months ended 30 Jun 2013	6 months ended 30 Jun 2012
Average liquidity ratio for the financial period	249.21%	52.72%

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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