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# 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 assessed its composition as adequate especially with regard to expertise. The Supervisory Board as a whole possesses sufficient knowledge, expertise and experience to adequately perform its duties.

The members of the Supervisory Board hold senior executive positions within ABN AMRO. The composition of the Supervisory Board was not changed in 2012. An overview of the current composition of the Supervisory Board is provided in the paragraph 'Composition of the Supervisory Board'.

## **Supervisory Board meetings**

The Supervisory Board met on four occasions in 2012 during plenary scheduled meetings. All plenary scheduled meetings were held in the presence of the members of the Managing Board and the Company Secretary. Other members of senior management were regularly invited to present specific topics.

One plenary meeting was attended by all members of the Supervisory Board and three plenary meetings were attended by four members.

Outside the Supervisory Board meetings, members of the Supervisory Board and the Managing Board were in contact on a regular basis. The Chairman of the Supervisory Board and the Chairman of the Managing Board met on a bi-weekly basis.

The Chairman and the Company Secretary prepared the agenda for the plenary scheduled meetings of the Supervisory Board in 2012. 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 below.

The company's financial performance was discussed at the Supervisory Board meetings after the end of each quarter. Information provided by the Managing Board with the assistance of internal and external auditors gave the Supervisory Board a picture of the company's risks, results, and capital and liquidity positions.

At its meeting in May, the Supervisory Board reviewed the Annual Report 2011 and the Financial Statements 2011. The Supervisory Board evaluated and discussed these documents with the Managing Board, ABN AMRO Group Audit and KPMG (the external auditor) and took note of the independent auditor's report issued by KPMG on the Financial Statements 2011.

Throughout the year, the Supervisory Board challenged the Managing Board on ABN AMRO Clearing Bank's (AACB) performance, audit findings, risk management and strategic plans. AACB's Risk Management Report which is provided to the Supervisory Board on a regular basis, served as the basis for a number of discussion on the key risks run by AACB.

The company's strategy and budget 2013 were discussed during the Supervisory Board meeting in September 2012. The Managing Board regularly informed the Supervisory Board about intended organisational changes and particular attention was given to regulatory developments and the need to further strengthen certain areas of the internal control framework.

ABN AMRO applies the Banking Code's principles on risk appetite, risk policy and risk management on a consolidated basis. Consequently, AACB does not have installed separate committees of the Supervisory Board (i.e. Audit/

Risk/Remuneration Committee). Once a year, ABN AMRO Group Audit and the external auditor attend the Supervisory Board meeting.

Amsterdam, 22 May 2013

## **Supervisory Board**

**J.G. ter Avest**

**J.R. Dijkstra**

**J. Ketelaar**

**A.J.B.M. Peek**

**F. Woelders**

# managing board report

Hereby we present the ABN AMRO Clearing Bank N.V. (AACB) annual report 2012.

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

ABN AMRO Clearing is recognised as a global leader in derivatives and equity clearing and one of the few players currently able to offer global market access and clearing services on more than 85 exchanges. ABN AMRO Clearing operates from 12 locations around the world and offers an integrated package of direct market access, clearing and custody services covering futures, options, equity, commodities, energy and fixed income.

The ABN AMRO Clearing operating model is, where possible, self-supporting due to the nature of business, where speed and responsiveness are critical and regulators and clients expect separation of clearing activities from the general banking activities. The clearing activities are therefore undertaken out of AACB; a dedicated legal entity which has a banking licence and is regulated and supervised by DNB, being the central bank of the Netherlands.

## Business model

The ABN AMRO Clearing concept was established in 1982 in Amsterdam. At a later stage clearing sites in London, Frankfurt, Hong Kong, Sydney, Chicago, New York, Kansas City, Singapore, Tokyo, Paris and Brussels were opened.

In principle ABN AMRO Clearing is not engaged in any proprietary trading, operating at arm's length of ABN AMRO BANK N.V. and therefore, provides clearing services as an independent market participant with its

focus on third parties. ABN AMRO Clearing's business model revolves around comprehensive services to wholesale counterparties and professional clients. This requires that ABN AMRO Clearing covers the full market chain from market access, execution services to clearing, settlement and multi-product asset servicing on a global basis. Among other elements of the product offering, ABN AMRO Clearing, in its capacity as a General Clearing Member ('GCM') guarantees clients to counterparties and performs near to real time risk management. ABN AMRO Clearing offers 24-5 global services, on a multi asset class basis (on exchange and Over the Counter ('OTC') market coverage for futures, options, equity, commodities, energy and fixed income). In addition, ABN AMRO Clearing provides collateralized financing and securities borrowing and lending services to its clients.

Third party clearing means that ABN AMRO Clearing guarantees its clients towards exchanges and central counterparties. ABN AMRO Clearing also handles the administration of positions and the financing of these positions for clients. The clients are predominantly on-exchange traders and professional trading groups, but ABN AMRO Clearing also services financial institutions, banks, fund managers and brokers with its product portfolio. ABN AMRO Clearing does not service retail customers directly.

With a top three ranking in every time zone based on turnover and market share, ABN AMRO Clearing is a robust part of the global financial infrastructure. Additionally indirect world-wide coverage of further markets or exchanges respectively is offered through a network of Executing and/or Clearing brokers.

## Legal structure

AACB is 100% owned by AAB, a company incorporated in the Netherlands.

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

This Dutch Foundation, with an Independent Board, has been set up to manage the financial interests held by the 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 holds all ordinary shares in AAG, representing 92.6% of the voting rights. The non-cumulative preference shares in AAG, representing 7.4% of the voting rights, are held by ABN AMRO Preferred Investments B.V. This entity issued shares are held by NLFI (70%, all priority shares) and two institutional investors (30%, all ordinary shares).

ABN AMRO Clearing provides its clearing and related services in Europe through AACB Amsterdam and through AACB's branches in Frankfurt, London and Brussels. AACB has been a fully licensed bank since 30 September 2003. Pursuant to the Financial Supervision Act (Wft) DNB had been charged with the (prudential) supervision of banks in the Netherlands.

AAC 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, ABN AMRO Clearing Singapore and by AACB Singapore Branch.

AACB established European Multilateral Clearing Facility N.V. (EMCF) on 28 February 2007 and is a public limited company incorporated under the laws of the Netherlands. AACB owns 77% of the shares in EMCF. The financial statements of EMCF are included in the consolidated financial statements of AACB and as well into the consolidated financial statements of AAG. EMCF delivers central counter party (ccp) services to several equity exchanges and multilateral trading facilities in multiple markets in Europe.

Holland Clearing House N.V. (HCH) was established on 3 February 2011 by AACB and is a public limited company incorporated under the law of the Netherlands. AACB owns

100% of the shares in HCH. HCH delivers derivatives ccp services to the multilateral trading facility TOM MTF in the Netherlands.

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

### Financial result AACB 2012

It initially appeared that the global economy had got off to a good start in 2012. The Eurozone economy was unexpectedly resilient in the first quarter of 2012 and the US got off on the right foot. Unfortunately, the economic recovery in the US was short lived, and the Eurozone saw GDP decline again as from the second quarter as domestic demand suffered under austerity measures, rising unemployment about the European sovereign debt crisis and the resulting financial turmoil.

All these events have had major impacts on global financial markets leading to low volatilities which consequently have had a negative effect on cleared volumes. Last year the global derivatives markets had their biggest and broadest decline in at least a decade. The total number of contracts traded on exchanges dropped by 15%. All of the financial categories were down with double digits. This mainly resulted in a significant decline in the volatility Index.

The significant drop in exchange volumes had an impact on AACB and also on our clients' financial performance. AACB recorded a net profit of EUR 64,7 million in 2012. In comparison to previous year, 2012 was less profitable as a result of the global decline in cleared volumes, partly compensated by new client inflow an increase in our market share.

Income from financing activities were above 2011 mainly driven by an increase in outstanding new client credit facilities and higher utilisation of existing facilities.

The ABN AMRO Clearing clients continued to stay loyal and showed trust and comfort to the ABN AMRO Clearing brand and its staff. Like in 2011, 2010 and 2009 AACB did not suffer any major losses on client defaults.

AACB's Amsterdam office uses the centralised services of AAB, its parent company. The costs of these services include charges for information technology (e.g. hardware, software, computer specialists), facilities, personnel and corporate overhead. As of 2012 these expenses are charged to AACB and therefore fully incorporated in the profit and loss statement. The 2011 expenses are normalised for comparison.

In comparison to previous year our expense base increased mainly driven by our on-going investments in staff capacity and IT to constantly improve our service. Through these on-going investments AACB delivers a robust operating model and stability in the financial infrastructure. Furthermore the change in our regulatory environment including the enforcement of Dutch Banking tax resulted in a rise of our cost base.

Our parent company AAB and AACB on a stand-alone basis are adequately capitalized and therefore well positioned to meet the upcoming Basel III capital and liquidity requirements, which will be phased-in as of 2014.

The ABN AMRO group policy is to upstream dividends from subsidiaries where appropriate. The dividend 2012 will be based on our current and projected consolidated capital ratio's and local regulatory and exchange requirements in combination with our growth strategy is included. The 2012 dividend amount will be decided at the General Meeting of Shareholders in June 2013.

## Capital

Issued and paid-up share capital of AACB did not change in the year 2012. Authorised share capital amounts to EUR 50,000,000 distributed over 50,000 shares each having a nominal value of 1,000. At year-end 2012, all shares were held by ABN AMRO Bank N.V.

## Information Technology

Derivatives and Securities trading creates an extensive and complex demand and data processing.

A key focus is stability and robustness of IT systems and operations.

In the coming years ABN AMRO Clearing will transform from a multi local and multi (core) system business unit to a truly global organization. The execution of our IT strategy

has started and will result in the implementation of one overall banking system with ancillary systems and applications in 2013. The foreseen IT Roadmap will continuously enable us to meet the demands of our clients and key stakeholders for the short and long term future.

An increasing number of ABN AMRO Clearing clients operate on a global basis and/or have global presence. These clients are also responsible for the bigger part of the ABN AMRO Clearing turnover.

They ask ABN AMRO Clearing to provide them with:

- ▶ The same service worldwide;
- ▶ Standardized reporting;
- ▶ Limited client-supplier relationships and documentation;
- ▶ Consolidation on global level from risk perspective.

ABN AMRO Clearing will make ongoing investments in Information Technology to maintain and optimise its present standard of service.

## Dutch Banking Code

The Banking Code that was drawn up by the Netherlands Bankers' Association (NVB) 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 Banking Code applies to AACB as a licensed bank under the Wft.

AACB forms part of the ABN AMRO group of companies (ABN AMRO). The principles of the Banking 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 applicable parts of the Dutch Banking Code. The annual report of AAG provides further details on the application of the Dutch Banking Code.

AACB is not compliant with the new legislation 'Wet bestuur en toezicht' considering the diversity in Supervisory and Managing Board.

## Regulatory

The regulatory environment in which we operate continues to be an extremely challenging one. The number and impact of rule changes continues to increase, and regulators are expecting shorter lead times between finalising rules and the date of implementation. All of this creates a need for a comprehensive overview of the rules that impact our business and careful use of resources to gain efficiency in the implementation of the changes about which we have no choice and little control.

We are coming towards the end of the period for implementation of the G20 requirements for OTC derivatives that were agreed after the credit crisis. Although the finalisation of the rules has been substantially delayed, the leading piece of legislation in this area remains the Dodd Frank Act, which will have an extra-territorial application beyond the boundaries of the United States. We are dealing with these developments on a global basis, as the requirements evolve and will meet the various deadlines for compliance. Following Dodd Frank during 2012 and into 2013, EMIR in Europe and various separate pieces of OTC legislation in Asia that will cover the same ground and which we leverage from our previous experience.

In addition, the drafting of MIFID2, a revised Market Abuse Directive, and various pieces of regulatory guidance continues in Brussels and across Europe. We are participating in consultations on these rules changes, both through trade bodies and directly by interacting with regulators such as the AFM and ESMA.

During 2012 AACB invested in a global control framework to monitor for possible cases of Market Abuse instigated by clients trading under AACB membership.

In the arena of Financial Transaction taxes this year a major hurdle has been taken as France introduced a FTT per July 1, 2012. We implemented this into our systems to be capable of paying and reporting this tax toward Euroclear France. We will do the same coming year to implement the Italian FTT. However, the main challenge will come from the EU proposal (presented in Q1 2013)

pushed forward by 11 EU countries as this proposal may possibly affect our business drivers in the financial infrastructure.

The original impact assessment prepared by the EC assumes a reduction of 15% in cash equities trading and a reduction of 75% for derivative trading. Even under such scenario, they expect to raise revenues within Europe amounting to EUR 35bn. On a macro-level, without any change in market behaviour, this has a severe impact on market volumes, market efficiency and liquidity. For our client base, the economic fundamentals will change drastically as they have to include the tax into their spreads. Taking into account that we clear and settle for our client base a significant amount of the current European trading volume, also a significant portion of the expected FTT revenues will have to come from our client base.

## Future developments

The post-financial crisis regulatory reforms have a significant effect on the course of business within ABN AMRO Clearing. Capital requirements will increase, more products will be pushed into a Central Clearing House and execution criteria continue to change. In addition automated trading errors triggered focus in strengthening the control framework. Exchanges are implementing circuit breakers, kill switches and pre-trade checks at their gateways. AACB will expand and formalize a global kill switch procedure to protect our clients and create a safer financial infrastructure. Moreover AACB risk management is evolving and becomes more pre-trade oriented by setting and monitoring pre-trade risk checks and limits for clients using AACB membership.

In 2013 AACB will launch a new banking system in Amsterdam what will improve the service model for our existing and target client groups. The commercial focus in Europe will be on retaining market leadership, while in the United States and Asia ABN AMRO Clearing will continue to pursue further growth, especially in clearing and financing of equity option players. Initiatives launched in recent years to sustain future growth can now be marketed to clients and prospects. ABN AMRO Clearing will roll out its global energy and commodities clearing product worldwide and the enhanced FX offering that started out in Europe, will be gradually expanded to other regions of the world.

ABN AMRO Clearing also continues to look at opportunities to further increase its geographic footprint by establishing offices in other countries. In 2013 we will explore a presence in Brazil to expand our service model and provide new opportunities to our clients.

By geographic expansion and adding new product lines ABN AMRO Clearing makes its product scope appealing to not only the proprietary trading community but also more and more to Financial Institutions, Retail Aggregators, Corporate Hedgers and Alternative Investors.

We have again achieved a great deal in 2012, none of which would have been possible without the commitment, dedication and hard work of our highly motivated employees. We would like to thank them for their vital contribution to our success.

We also thank our customers for their continuing trust and loyalty during a turbulent and exceptional year.

Amsterdam, 22 May 2013

## Managing Board

**M.C. Jongmans**

**J.B.M. de Boer**

**A.P. Boers**

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



From left to right:  
J. B.M. de Boer,  
M.C. Jongmans,  
A.P. Boers.



# annual financial statements

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## consolidated income statement for the year ended 31 December 2012

(x EUR 1.000)	Note	2012	2011
<b>Income</b>			
Interest income		199.857	241.682
Interest expenses		134.133	183.954
<b>Net interest income</b>	1	<b>65.724</b>	<b>57.728</b>
Fee and commission income		838.957	656.996
Fee and commission expenses		663.544	468.561
<b>Net fee and commission income</b>	2	<b>175.413</b>	<b>188.435</b>
Dividend and other investment Income	3	1.590	591
Realised capital gains on investments	4	36.781	19.979
Other (un)realised gains and losses	5	-125	258
Other income	6	4.337	2.326
<b>Operating income</b>		<b>283.720</b>	<b>269.317</b>
<b>Expenses</b>			
Personnel expenses	7	79.751	48.333
General and administrative expenses	8	103.441	57.912
Depreciation and amortisation of (in)tangible assets	9	8.727	7.029
<b>Operating expenses</b>		<b>191.919</b>	<b>113.274</b>
Impairment charges on loans and other receivables	10	-3.212	-1.619
<b>Total expenses</b>		<b>188.707</b>	<b>111.655</b>
<b>Result before taxation</b>		<b>95.013</b>	<b>157.662</b>
Income tax expenses	11	30.291	41.745
<b>Profit for the year</b>		<b>64.722</b>	<b>115.917</b>
<i>Attributable to:</i>			
Owners of the company		65.146	114.717
Non-Controlling Interests	33	-424	1.200

# consolidated statement of comprehensive income

## for the year ended 31 December 2012

(x EUR 1.000)	2012	2011
<b>Profit for the period</b>	<b>65.146</b>	<b>114.717</b>
<i>Other Comprehensive income:</i>		
Currency translation reserve	-8.536	10.055
Available for sale financial assets	2.004	-9.383
Revaluation reserves	-	-2.276
<b>Other comprehensive income for the period before taxation</b>	<b>-6.532</b>	<b>-1.604</b>
Income tax relating to components of other comprehensive income	-327	2.920
<b>Other comprehensive income for the period after taxation</b>	<b>-6.859</b>	<b>1.316</b>
<b>Total Comprehensive income (expense) for the period after taxation</b>	<b>58.287</b>	<b>116.033</b>
Total comprehensive income attributable to:		
Owners of the company	58.711	114.833
Non-controlling interests	-424	1.200

# consolidated statement of financial position

## as at 31 December 2012

Before profit appropriation (x EUR 1.000)	Note	2012	2011
<b>Assets</b>			
Cash and balances at Central banks	13	3.506.260	3.760.297
Short term deposits	14	-	37.930
Financial assets held for trading	15	5.283	3.622
Loans and receivables - banks	16	3.856.833	3.868.246
Loans and receivables - customers	17	10.681.725	12.563.088
Assets held for sale	18	38.163	50.222
Trade and other receivables	19	2.571.692	1.750.269
Property and equipment	20	14.265	15.537
Intangible assets	21	6.276	2.555
Current tax assets	22	6.966	2.804
Deferred tax assets	23	13.319	12.817
Other assets	24	69.071	48.063
<b>Total assets</b>		<b>20.769.853</b>	<b>22.115.450</b>
<b>Liabilities</b>			
Financial liabilities held for trading	25	11.942	5.366
Due to banks	26	13.958.541	15.352.149
Due to customers	27	5.309.147	5.207.057
Subordinated liabilities	28	56.859	-
Provisions	29	47	8.180
Accrued interest, expenses and other liabilities	30	714.778	749.278
Current tax liabilities	31	18.314	27.564
Deferred tax liabilities	32	2.604	1.098
<b>Total liabilities</b>		<b>20.072.232</b>	<b>21.350.692</b>

	Note	2012	2011
<b>Equity</b>			
Share capital		15.000	15.000
Share premium		250	250
Retained earnings		612.240	619.869
Currency translation reserve		44.747	53.283
Available for sale reserve		3.306	2.083
Revaluation reserve		-48.073	-45.873
Unappropriated result of the year		65.146	114.717
<b>Equity attributable to owners of the company</b>	<b>33</b>	<b>692.616</b>	<b>759.329</b>
Equity attributable to non-controlling interests		5.005	5.429
<b>Total Equity</b>		<b>697.621</b>	<b>764.758</b>
<b>Total Liabilities and Equity</b>			
<b>Guarantees and other commitments</b>	<b>34</b>	<b>5.206.423</b>	<b>5.324.233</b>

# consolidated statement of changes in Equity

(x EUR 1.000)

	Share capital	Share Premium	Retained earnings	Currency translation reserve	Available for sale reserve	Revaluation reserve	Unappropriated result of the year	Total	Equity attributable to non-controlling interests	Total Equity
<b>Balance at 31 December 2010</b>	<b>15.000</b>	<b>-</b>	<b>537.607</b>	<b>43.228</b>	<b>9.126</b>	<b>-44.177</b>	<b>82.471</b>	<b>643.255</b>	<b>4.230</b>	<b>647.485</b>
Total comprehensive income				10.055	-7.043	-1.696	114.717	116.033	1.199	117.232
Transfer			82.471				-82.471	-		-
Increase of Capital		250						250		250
Other changes in equity			-209					-209		-209
<b>Balance at 31 December 2011</b>	<b>15.000</b>	<b>250</b>	<b>619.869</b>	<b>53.283</b>	<b>2.083</b>	<b>-45.873</b>	<b>114.717</b>	<b>759.329</b>	<b>5.429</b>	<b>764.758</b>
Total comprehensive income			-	-8.536	1.223	454	65.146	58.287	-424	57.863
Transfer			117.371			-2.654	-114.717	-		-
Dividend			-125.000					-125.000		-125.000
<b>Balance at 31 December 2012</b>	<b>15.000</b>	<b>250</b>	<b>612.240</b>	<b>44.747</b>	<b>3.306</b>	<b>-48.073</b>	<b>65.146</b>	<b>692.616</b>	<b>5.005</b>	<b>697.621</b>

# consolidated cash flow statement

## for the year ended 31 December 2012

(x EUR 1.000)	2012	2011
<b>Profit after taxation</b>	<b>64.722</b>	<b>115.917</b>
<i>Adjustments on non-cash items included in profit:</i>		
Depreciation, amortisation of (in)tangible assets	8.727	7.029
Provisions and impairments	951	1.128
Income tax expenses	30.291	41.745
<i>Changes in operating assets and liabilities:</i>		
Loans and receivables - banks	-25.298	466.176
Loans and receivables - customers	1.933.986	-2.998.931
Trade and other receivables	-829.072	-614.673
Due to banks	-1.471.955	2.107.059
Due to customers	55.561	826.931
Net changes in all other operational assets and liabilities	50.586	-406.931
Income taxes paid	-42.656	-50.448
<b>Cash flow from operating activities</b>	<b>-224.157</b>	<b>-504.998</b>
<i>Investing activities:</i>		
Purchases of financial investments	-1.287	-9.590
Proceeds from sales, maturities and redemptions	16.701	257
Purchases of property and equipment	-5.972	-9.395
Purchases of other (in)tangible assets	-5.120	-2.020
<b>Cash flow from investing activities</b>	<b>4.322</b>	<b>-20.748</b>
<i>Financing activities:</i>		
Subordinated liabilities	56.859	-
Dividend paid to shareholders (incl. dividend to minorities)	-125.000	-
<b>Cash flow from financing activities</b>	<b>-68.141</b>	<b>-</b>
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>-287.976</b>	<b>-525.476</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>3.798.227</b>	<b>4.281.443</b>
Effect of exchange rate variance on cash and cash equivalents	-3.991	42.530
<b>Cash and cash equivalents as at 31 december</b>	<b>3.506.260</b>	<b>3.798.227</b>
<b>Supplementary disclosures of operating cash flow information</b>		
Interest income received	204.399	237.532
Dividend income received	1.590	591
Interest expense paid	-137.289	-185.865

# accounting policies

## Corporate information

ABN AMRO Clearing Bank N.V. (AACB) has her statutory domicile in Amsterdam and is a wholly owned subsidiary of ABN AMRO Bank N.V. (AAB) The financial statements of AACB and AAB 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 May 22, 2013.

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

In principle, AACB is not engaged in any proprietary trading, operates at arm's length of AAB 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 towards the exchanges and central counterparties and takes care of the risk management of the (financial) position 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 annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted 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

AACB's Consolidated Financial Statements, including the 2011 comparative figures, are prepared in accordance with IFRS – including International Accounting Standards ('IAS') and Interpretations – at 31 December 2012 and as adopted by the European Union and with part 9 of book 2 of the Dutch Civil Code.

Where accounting policies are not specifically mentioned below, reference should be made to the IFRS's as adopted by the European Union.

The accounting policies used to prepare these 2012 Consolidated Annual Financial Statements are consistent with those applied for the year ended 31 December 2012.

As of 2012 AAB charges AACB for overhead costs. In the pro forma 2011 column are reported the amounts as they would be if there was a recharge in 2011.

The annual financial statements are prepared under the going concern assumption. The annual financial statements are presented in euro's, which is the presentation currency of AACB, rounded to the nearest thousand (unless otherwise noted).

## Changes in accounting policies

### ***New and amended IFRS's adopted by AAB applicable and relevant for AACB.***

For 2012, the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) did not issue any new and revised Standards and Interpretations that apply to AACB's annual accounts.

## New accounting standards and interpretations

The following new or revised standards and interpretations were issued by the IASB, which become effective for AACB after 2012, if and when endorsed by the European Union:

- ▶ Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities, effective as of 2013;
- ▶ Amendments to IAS 32 Offsetting Financial Assets and Financial liabilities, effective as of 2014;
- ▶ IFRS 10 Consolidated Financial Statements, effective within EU as of 2014;
- ▶ IFRS 11 Joint Arrangements, effective within EU as of 2014;
- ▶ IFRS 12 Disclosure of Interests in Other Entities, Effective within EU as of 2014;
- ▶ Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance, effective as of 2014;
- ▶ Amendments to IAS 27 Separate Financial Statements, effective within EU as of 2014;
- ▶ Amendments to IAS 28 Investments in Associates and Joint Ventures, effective within EU as of 2014;
- ▶ Improvements to IFRSs (2009-2011), effective as of 2013.

Although these new requirements are still being analysed and the final impact is not yet known, AACB does not expect the adoption of these new or revised standards and interpretations to have a significant effect on the equity and/or result of AACB.

### **IAS 19 Employee Benefits**

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognised in the period as they occur. The ‘corridor’ method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in Other Comprehensive Income. Because actuarial gains and losses are no longer deferred, both the net defined benefit liability/asset and the amounts recognised in profit or loss are affected.

The amended standard splits changes in defined benefit liabilities/assets in:

- ▶ service cost (including past service costs, curtailments and settlements) – in profit or loss;
- ▶ net interest costs (i.e., net interest on the net defined benefit liability) – in profit or loss;
- ▶ remeasurement of the defined benefit liability/asset – in other comprehensive income.

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. AACB currently uses the ‘corridor’ method.

### **IAS 1 Presentation of Financial Statements**

The new amendment requires separation of items presented in other comprehensive income into two groups, based on whether or not they can be recycled into the income statement in the future. Items that will not be recycled in the future are presented separately from items that may be recycled in the future. The amendment will be adopted on 1 January 2013 and will be applied retrospectively. The application of this amendment impacts presentation and disclosures only.

### **IFRS 13 Fair Value Measurement**

The IASB has published IFRS 13 Fair Value Measurement. IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition, IFRS 13 requires additional disclosures about fair value measurements. The new standard will not have any significant impact on the income statement or balance sheet. The bank will apply this standard as from 1 January 2013 prospectively.

### **IFRS 9 Financial instruments**

IFRS 9 as issued reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. The standard is not yet endorsed by the European Union and therefore not available for early adoption. In subsequent phases, the IASB is addressing impairments and hedge accounting. Exposure drafts have been issued. The completion of these IASB projects is expected in 2013. AACB is actively monitoring the impact on its financial statements of all phases in IFRS 9.

### **Accounting Estimates**

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 and estimates. The most significant areas requiring management to make judgements and estimates that affect reported amounts and disclosures are as follows:

**Impairment losses on loans and receivables**

A specific loan provision is established if there is objective evidence that the AACB will not be able to collect all amounts due in accordance with contractual terms. The amount of the provision 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.

**Property and equipment and intangible assets**

Determination of the useful life and the residual value of property and equipment, investment property and intangible assets.

**Pension and post-retirement benefits**

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. AACB determines the appropriate discount rate at the end of each reporting period. 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.

**Provisions**

Estimation of present obligations resulting from past events in the recognition of provisions.

**Income taxes**

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.

Deferred tax assets and liabilities are recognised for qualifying temporary differences, i.e. temporary 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 or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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 mother company. Such fiscal unity is also in place for value added tax as well as wage tax purposes. 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 deductible losses will be recognised in the income statement as far as the total AAG result a profit is.

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.

**Impairment of available for sale investments**

Interest-bearing securities and equities classified as available-for-sale investment are assessed at each reporting date as to whether they are impaired. This review considers factors such as any reduction in fair value below costs, its direction and whether the reduction is significant or prolonged, and the credit standing and prospects of the issuer. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event since initial recognition of the asset or an event since reclassification into available-for-sale from trading have adversely affected the amount or timing of future cash flows from the assets.

If any objective evidence exists for available for sale debt securities, the cumulative loss measured as the difference between the amortised 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.

In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. In general, AACB uses 20% and 9 months as triggers for a significant or prolonged decline in the fair value below cost. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is moved from equity and recognised in the income statement within realised capital gains on investments. Impairment losses recognised on equity instruments can never be reversed through the profit or loss account.

#### **Assessment of risk and rewards**

Whenever AACB is required to assess risk and rewards, when considering the recognition and derecognition of assets or liabilities and the consolidation 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.

#### **Fair value of financial instruments**

All trading instruments and financial assets and liabilities designated at fair value through profit or loss are measured at fair value, with transaction costs related to the purchase as well as fair value changes taken to income directly.

## **Significant accounting Principles**

### **Basis of consolidation**

The consolidated financial statements of AACB include the financial statements of the parent and its controlled entities. It incorporates 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.

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 exists when the parent owns one half or less of voting power but has the power to govern the financial and operating policies.

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	NA	2004	2004	Frankfurt	Germany
ABN AMRO Clearing Bank London Branch	NA	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
European Multilateral Clearing Facility N.V.	77%	2007	2007	Amsterdam	The Netherlands
ABN AMRO Clearing Bank Brussels Branch	NA	2009	2009	Brussel	Belgium
ABN AMRO Clearing Bank Singapore Branch	NA	2009	2009	Singapore	Singapore
Holland Clearing House N.V.	100%	2011	2011	Amsterdam	The Netherlands

## Foreign Currency

The consolidated financial statements are stated in euro's, which is the functional currency AACB.

### Foreign Currency differences

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.

The assets and liabilities of foreign operations are translated to AACB's presentation currency, the euro, at the foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to the euro at the rate that approximates the rates prevailing at the transaction date. Currency translation differences arising on these translations are recognised directly in equity (currency translation result).

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 currency translation reserve) 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.

Transactions in a currency that differs from the functional currency of the transacting entity are translated into the functional currency at the foreign exchange rate at transaction date. 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	
	2012	2011	2012	2011
<b>1 EURO =</b>				
<b>Pound Sterling</b>	0,82	0,84	0,81	0,86
<b>Singapore Dollar</b>	1,61	1,68	1,61	1,75
<b>Japanese Yen</b>	113,57	100,01	102,53	110,93
<b>Hong Kong Dollar</b>	10,22	10,09	9,97	10,84
<b>Australian Dollar</b>	1,27	1,27	1,24	1,35
<b>US Dollar</b>	1,32	1,30	1,29	1,39

### Trade Date and Settlement Date Accounting

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.

### Income Statement items

#### Interest Income and Expense

Interest income and interest expense are recognised in the income statement for all interest bearing instruments (whether classified as held to maturity, available for sale, designated at fair value through profit or loss or non-trading derivatives) on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the discount or premium.

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

Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest

rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

### Fees, Commission Income and Transaction Costs

#### Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, etc., and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

#### Fees recognised as services

Fees earned as services provided are generally recognised as revenue as the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered as a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

#### 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. Transaction 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.

## 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 AAB and taken into the fiscal calculation. AACB is charged by AAB for the part in accordance with the result of AACB.

## Income tax expense

Income tax includes mainly American local tax expenses. Local tax expenses include taxes which are levied by municipalities and based on the income.

## Balance sheet items

### Financial assets and liabilities

AACB classifies financial assets and liabilities based on the business purpose of entering into these transactions.

All assets and liabilities have a maturity less than 3 months, unless indicated otherwise in the disclosure.

### Classification of financial assets

Financial assets measurement and income recognition in the income statement depend on 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 maturity 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.

### 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, and (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).

### 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. AACB is principal in the transactions between the client and the counterparty. Counterparty risk is monitored by AACB risk management at AAB level. 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'.

## Recognition and derecognition

Traded instruments are recognised on the trade date, defined as the date on which ABN AMRO 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 ABN AMRO and derecognised when settled. Issued debt is recognised when issued and deposits are recognised when the cash is deposited with ABN AMRO. Other financial assets and liabilities, including derivatives, are recognised in the balance sheet when ABN AMRO 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, transferred nor retained, although control is transferred. If a servicing function is retained which is profitable, a servicing asset is recognised.

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 shall be recognised in profit or loss.

A financial liability is derecognised when the obligations specified in the contract are discharged, cancelled or expired. AACB derecognises financial liabilities when settled.

## 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 impaired assets 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.

### Financial Assets

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.

Depending on the type of financial asset, 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 will be determined with maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same;
- ▶ If there is no active market for an the financial asset and the estimate value cannot be made reliably, the asset will be reported at cost less impairment.

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

### Other Assets

For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost to sell and the value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

### Incurred but not identified defaults

Incurred but not identified (IBNI) impairments on loans represent losses inherent in components of the non-impaired portfolio that have not yet been specifically identified.

The scope of the calculation of the IBNI impairments covers all financial assets found not to be individually impaired from the categories Loans and receivables – banks, Loans and receivables – customers and Trade receivables. All related off-balance items such as unused credit facilities and credit commitments are also included.

The IBNI calculation combines the Basel II concept of expected loss on a one-year time horizon with intrinsic elements such as loss identification period (LIP), cycle adjustment factor and expert views.

Above is in accordance with AAB policies.

### Offsetting

Financial assets and liabilities are offset and the net amount is reported on the balance sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### Fair Value of Financial Instruments

The fair value of a financial instrument is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and

estimates of future cash flows. Such techniques include market prices of comparable investments, discounted cash flows, option pricing models and market multiples valuation methods. In the case when there is no market price available, and therefore not possible to determine the fair value of a financial instrument, it is accounted for at cost.

On initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by observable current market transactions in the same instrument, or is based on a valuation technique that includes inputs only from observable markets.

The principal methods and assumptions used by AACB in determining the fair value of financial instruments are:

- ▶ Fair values for securities available for sale or at fair value through profit or loss are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the swap curve plus a spread reflecting the characteristics of the instrument.
- ▶ Fair values for derivative financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.
- ▶ Fair values for loans are determined using discounted cash flow models based upon AACB's current incremental lending rates for similar type loans. For variable-rate loans that re-price frequently and have no significant change in credit risk, fair values are approximated by the carrying amount.
- ▶ Off-balance sheet commitments or guarantees are fair valued based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.
- ▶ For short-term payables and receivables, the carrying amounts are considered to approximate fair values.

### Cash and Cash Equivalents

Cash and cash equivalents 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.

## Securities Borrowing and Lending

Securities borrowing and lending transactions are generally reported as collateralized financings. Securities borrowed transactions require AACB to deposit cash and/or other collateral with the lender. When loaning securities, AACB receives cash collateral generally in excess of the market value of the securities loaned. AACB monitors the market value of securities borrowing and lending on a daily basis with additional collateral obtained or refunded as necessary. Interest rates paid on the cash collateral fluctuate with short-term interest rates. Securities purchased under agreements to resell and securities sold under agreements to repurchase, which are short-term in nature, are treated as collateralized financing transactions and are carried at the amounts at which the underlying securities will be subsequently resold or repurchased as specified in the respective agreements. It is AACB's policy to take possession of securities, subject to resale agreements. The fair value of the securities is determined daily and collateral added whenever necessary to bring the market value of the underlying collateral equal to or greater than the resale price specified in the contract.

## Investments in associates and joint ventures

Associates are those enterprises in which AACB has significant influence (this is generally assumed when AACB holds between 20% and 50% of the voting rights), but not control, over the operating and financial policies.

Joint ventures are contractual agreements whereby AACB and other parties undertake an economic activity that is subject to joint control.

Investments in associates and joint ventures are accounted for using the 'Net equity method'. Under this method the investment is initially recorded at cost 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.

## Trade and Other Receivables

Trade and other receivables arising from the normal course of business and originated by AACB are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less impairments.

## Property and Equipment

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Generally, depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual value and the useful life of property and equipment is reviewed at each year-end.

Repairs and maintenance expenses are charged to the income statement when the expenditure is incurred. Expenditures that enhance or extend the benefits of real estate or fixed assets beyond their original use are capitalised and subsequently depreciated.

Useful life for property and equipment is between 5 and 25 years.

## Intangible Assets

An intangible asset is an identifiable non-monetary asset and is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably. The intangible assets are mainly represented Software.

### Software

Software for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and it is treated as property and equipment. If the software is not an integral part of the related hardware, the costs incurred during the development phase for which AACB can demonstrate all of the above-mentioned criteria are capitalised as an intangible asset and amortised using the straight-line method over the estimated useful life. In general, such intangible assets have an expected useful life of 5 years at most.

## Derivative Financial Instruments

Derivatives are financial instruments such as swaps, forward and future contracts and options (both written and purchased). These financial instruments have values that change in response to changes of various underlying variables, require little or no net initial investment, and are settled at a future date. For AACB two financial

instruments are applicable:

- ▶ OTC derivatives are recognised on the balance sheet at fair value on the trade date as Assets held for trading and Liabilities held for trading.
- ▶ The CFD's are treated as derivatives under IAS 39. The CFD positions and the underlying stock positions are recognized as an on-balance position at fair value through profit and loss. The profit and loss, however, is zero while the positions are perfectly hedged.

### Due to banks and due to customers

Due to banks and due to customers include loans originated by AACB by providing money directly to the borrower or to a sub-participation agent.

### Pension Liabilities

In the Netherlands the vast majority of the employees participate in the pension plan of AAB. The employees have a contract of employment directly with AAB with the exception of the employees of the subsidiary European Multilateral Clearing Facility N.V. (EMCF). Employees of EMCF participate in a defined benefit plan.

For employees outside the Netherlands, pension or other retirement plans have been established in accordance with the regulations and practices of the countries in question. Separate pension funds or third parties administer most of these plans. The plans include both defined contribution plans and defined benefit plans. In the case of defined contribution plans, contributions are charged directly to the income statement in the year to which they relate.

The net obligations under defined benefit plans are regarded as AACB's own commitments regardless of whether these are administered by a pension fund or in some other manner. The net obligation of each plan is determined as the difference between the present value of the defined benefit obligations and the fair value of plan assets, together with adjustments for unrecognised past service costs.

### Pension obligations

Defined benefit plan pension commitments are calculated by independent actuaries in accordance with the projected unit credit method of actuarial cost allocation. Under this method, the present value of pension commitments is determined on the basis of the number of active

years of service up to the balance sheet date and the estimated employee salary at the time of the expected retirement date, and is discounted using the market rate of interest on high-quality corporate bonds.

Pension costs for the year are established at the beginning of the year based on the expected service and interest costs and the expected return on the plan assets, plus the impact of any current period curtailments or plan changes. Differences between the expected and the actual return on plan assets, as well as actuarial gains and losses, are only recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting year exceed 10% of the greater of the commitments under the plan and the fair value of the related plan assets. The part in excess of 10% is recognised in income over the expected remaining years of service of the employees participating in the plans. Differences between the pension costs determined in this way and the contributions payable are accounted for as provisions or prepayments. Commitments relating to early retirement of employees are treated as pension commitments.

The impact of any plan amendment is broken down into elements which relate to past service (for example, discount rate) and elements which are dependent on future service (such as the impact of future salary increases included in the defined benefit obligation) having bifurcated the plan amendment into mutually exclusive past and future service elements, negative past service cost or curtailment accounting treatment is applied for the respective elements.

Net cumulative unrecognised actuarial gains and losses for defined benefit plans exceeding the corridor (greater than 10% of the present value of the defined benefit obligation or 10% of the fair value of any plan assets) are recognised in the income statement over the average remaining services lives of the employees.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the past service cost is recognised immediately in the income statement.

Assets that support the pension liabilities of an entity must meet certain criteria in order to be classified as 'qualifying pension plan assets'. These criteria relate to the fact that the assets should be legally separated from its sponsor or its creditors. If these criteria are not met, the assets are included in the relevant item on the balance sheet (such as financial investments, property and equipment).

If the assets meet the criteria, they are netted against the pension liability. When the fair value of plan assets is netted against the present value of the obligation of a defined benefit plan, the resulting amount could be a negative (an asset). In this case, the recognised asset cannot exceed the total of any cumulative unrecognised net actuarial losses and service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

### Employee Entitlements

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

### Provisions

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date. Provisions are established for certain guarantee contracts for which AACB is responsible to pay upon default of payment. Provisions are estimated based on all relevant factors and information existing at the balance sheet date, and typically are discounted at the risk-free rate.

## Share capital and other components of equity

### Share issue costs

Incremental costs directly attributable to the issue of new shares or share options, other than on a business combination, are deducted from equity net of any related income taxes.

### Other equity components

Other elements recorded in the equity are related to:

- ▶ Unrealised foreign currency translated differences;
- ▶ Unrealised available-for-sale investments revaluations which arise when the fair value differs from the cost price.

### Transactions with related parties

In the normal course of business, the AACB enters into various transactions with related companies. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Within the context of these financial statements related parties comprise of AAB and its group companies. The parent company (AAB) charge AACB for centralised services in Amsterdam. These services include staff, information technology (e.g. hardware, software, computer specialists), facilities (e.g. accommodation and cleaning) and corporate overhead. Transactions are based on contractual agreements, are effected on the basis of normal market conditions, and relate mainly to funding, clearing, settlement and securities borrowing. The amounts receivable or payable to related companies are disclosed in the notes to the financial statements.

### Off-balance sheet items

#### Contingencies

Contingencies are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation.

### Cash Flow Statement

AACB reports cash flows from operating activities using the indirect method, whereby the net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Interest received and interest paid is presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

# risk management

## Risk Governance

As part of AAB, AACB fully takes part in the risk governance of AAB, i.e. its Three Line of Defence Model, its risk decision framework, and its product approval process.

The 1<sup>st</sup> Line of Defence – risk ownership – resides in each business (i.e. AACB), whereby management in each business (i.e. AACB management) is primarily responsible for the risk that it takes, the results, execution, compliance and the effectiveness of risk control.

The 2<sup>nd</sup> Line of Defence – risk control – is formed by the Risk Control Functions who 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 AAB such as Compliance, Sustainability, Legal, Tax, Finance including ALM service AACB in exerting the required risk control.

The 3<sup>rd</sup> Line of Defence – risk assurance – is the task of Audit. Group Audit evaluates the effectiveness of the governance, risk management and control processes and recommends solutions for optimising them. Group Audit coordinates matters with the external auditor and the DNB. For AACB, this task is performed by AAB Group Audit.

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

## Risk Measurement

The risk models used by AACB require formal approval by a subsidiary committee of the AAB Group Risk Committee (GRC) and are reviewed and validated at least annually, such as Correlation Haircut (see below).

## Management of Risks

In its daily operational activities, AACB is confronted with various risks such as market, credit, liquidity, operational, and reputational risks, of which credit risk and also market risk are most important due to the nature of the business of AACB.

Accurate identification and control of these risks constitute an important part of AACB day-to-day operations. The purpose of risk control is to optimise the relationship between risk and return.

AACB operates a Risk Management department, which monitors the value of collateral pledged to AACB, worst case scenarios by which the value of collateral may change and outstanding credit and margin limits on a daily basis as part of the management of credit risks and market risks. Moreover, the exposure of liquidity risk for AACB as such is minimal as AAB has committed to providing immediate and sufficient access to funds.

Owing to the nature of AACB's activities, its financial assets and liabilities are generally of a short-term nature. Consequently, the book values do not differ materially from the market values. Since the terms and interest rates for the invested and drawn-down monies are virtually identical, the interest rate and liquidity risks are limited.

## Market Risk

Market risk is the current or prospective impact on the AACB's earnings and capital resulting from fluctuation in market risk factors, which include prices of securities, commodities and derivatives, interest rates and exchange rates. The AACB encounters market risk as a result of its main function as a third party clearing member, being guarantor of its client positions towards clearing houses, exchanges and other third parties. In a way this risk is a 'secondary' risk because AACB will only be exposed if a client can no longer fulfil its obligations towards AACB, i.e. simultaneously with credit risk. Thus, due to

the nature of our business, market and credit risk are strongly intertwined and are therefore also monitored simultaneously.

In order to minimise the market risk a stringent set of policies and procedures have been adopted to monitor the client positions on a daily basis.

In principal AACB is not engaged in any proprietary trading. It operates at arm's length of AAB and therefore provides a clearing service as an independent market participant with its focus on third parties. Being a guarantor towards exchanges and clearing houses for our clients, requires us to have market risk systems and controls in place.

In terms of price risk encountered by the clients of AACB, the risk management system is based on the internally developed methodology named Correlation Haircut (CoH) and external systems TIMS<sup>1</sup> and/or SPAN<sup>2</sup>.

Client positions are primarily monitored on the mark to market value of the total position in comparison to the maximum theoretical loss of the portfolio (this maximum theoretical loss is calculated by CoH). In the case of a violation, a client is requested to deposit additional collateral and/or reduce the risk in the portfolio (i.e. net liquidation balance vs. CoH figure). In case of default, the portfolio of the client will be taken over by AACB

Correlation Haircut is a risk system that calculates the market risk of clients on a daily basis after batch processing and for most transactions real time based on intraday positions and intraday market prices.

CoH not only takes price and volatility movements into account, but also other risk factors such as dividend, time and interest. Also the correlations between the different products in the portfolio of the client are taken into account by means of a statistical model (principal component analysis). On a daily (batch) and intraday basis stress calculations are performed. The overall haircut figure is the summation of the estimate worst case scenarios of the four product groups (Equity, Commodity, Currency and Fixed Income), taking into account correlation offset within each product group, and thus estimates the worst case market risk of the client's net liquidation balance.

Besides the net liquidation balance vs. CoH limit the client positions are monitored on the following parameters: credit and margin usage, long premium, liquidity risk, concentration risk and extreme stress scenarios. The extreme stress scenarios analyze price movements in extreme market conditions. In these calculations prices or yields are stressed simultaneously.

## Credit Risk

Credit risk is the current or prospective impact on the AACB's earnings and capital as a result of clients and/or counterparties failure to meet with a financial or other contractual obligation. Credit risk arises as a result of AACB's normal business operations and is strongly intertwined to market risk. Credit risk is daily monitored as part of our risk management policies and procedures. By monitoring and ensuring that a client always holds sufficient collateral, credit risk is minimized. - Basically, credit risk only arises if a client has an increased market risk due to violation of net liquidation balance vs. CoH figure.

AACB is reducing its credit risk exposure through credit mitigation techniques and uses appropriate instruments, policies and processes to manage credit risk. These include maintenance of a fully independent credit approval and review process with set creditworthiness limits and oversight procedures.

Impairment for specific credit risk is established if there is objective evidence that the AACB will not be able to collect all amounts due in accordance with contractual terms. The amount of the provision is the difference between the market value of the client position (recoverable amount) and the client's obligations to AACB or to counterparties where guaranteed by AACB in its function as a clearing member.

Total outstanding client credit facilities, excluding ABN AMRO Group companies, including utilisation are as follows:

EUR billion	2012	2011	2010	2009
Total outstanding client credit facilities	23,5	22,9	19,9	17,7
Total utilisation	8,7	6,5	7,1	5,1
Total debit cash utilisation	5,0	3,0	3,8	2,9
Total short stock utilisation	3,7	3,5	3,3	2,2

<sup>1</sup> Theoretical Intermarket Margin System

<sup>2</sup> Standard analysis of Risk. SPAN is based on a sophisticated set of algorithms that determine margin according to a global (total portfolio) assessment of the one day risk for a trader's account.

Based on the above described risk framework and measures taken, it is noted that client positions are fully collateralized during the year.

In 2012 AACB had no defaults and a default rate of 0,00 bps on the overall outstanding credit lines of EUR 23,5bln (2011: 0,00 bps).

## Liquidity Risk

The liquidity risk concerns the risk that the bank will be unable to meet its financial obligations on time. The basic approach to managing the liquidity risk is to ensure that adequate liquidities are available to meet the financial obligations in both normal and stressed circumstances.

## Liquidity Risk Management

Liquidity risk management is integrated in our day-to-day business activities. AACB's Treasury department monitors its actual and expected cash movements on a daily basis. In 2012 AACB has established a Liquidity Risk Management Policy (LRMP) to ensure a robust liquidity risk management framework that ensures it maintains a sufficient liquidity position. The LRMP sets the principles and procedures by which the Treasury department of AACB is managing its liquidity. The LRMP describes the risk tolerance, the liquidity risk management governance, the day-to-day management of the daily liquidity, liquidity stress testing, the contingency funding plan and the liquidity buffer requirement of AACB.

## Internal Liquidity Adequacy Assessment Process (ILAAP)

In 2012 AACB has conducted an Internal Liquidity Adequacy Assessment Process following the principles set by the Dutch National Bank covering all the global activities across its legal entities.

## Controlling the liquidity risk

The operating systems and departments notify AACB's Treasury on a daily basis concerning inward and outward flows of funds, financial assets and liabilities shortly falling due and requirements for collateral lodged with clearing institutions and central banks to facilitate settlement and payment processes on behalf of clients. Using this information, the Treasury department keeps a day-to-day watch on the bank's liquidity position for each significant currency and ensures that sufficient collateral is on deposit. This daily liquidity position is sent to Asset & Liability Management on a daily basis. Regular stress tests are performed to ensure the effectiveness of the liquidity risk management framework and the day-to-day liquidity risk management procedures. As a result of this tight control, exposure on liquidity risk is minimal. The liquidity position is reported on a monthly basis by AAB in cooperation with AACB to De Nederlandsche Bank.

## Liquidity sensitivity gaps

The table below shows AACB's assets and liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date. Operationally AACB has sufficient access to liquidity to cover normal course of business.

Liquidity sensitivity gap statement (x EUR 1.000)

At 31 December 2012	0-3 months	3-12 months	1-5 years	Total
Fixed rate financial instruments	3.061.030	11.843	-	3.072.873
Variable rate financial instruments	14.975.423	-	-	14.975.423
Non-interest bearing financial instruments	2.610.118	2.510	-	2.612.628
Non-financial assets	108.929	-	-	108.929
<b>Total assets</b>	<b>20.755.500</b>	<b>14.353</b>	-	<b>20.769.853</b>
Fixed rate financial instruments	16.135.938	11.843	-	16.147.781
Variable rate financial instruments	3.176.766	-	-	3.176.766
Non-interest bearing financial instruments	9.432	2.510	-	11.942
Non-financial liabilities	735.743	-	-	735.743
<b>Total liabilities</b>	<b>20.057.879</b>	<b>14.353</b>	-	<b>20.072.232</b>
<b>Net liquidity gap</b>	<b>697.621</b>	-	-	<b>697.621</b>

At 31 December 2011	0-3 months	3-12 months	1-5 years	Total
Fixed rate financial instruments	5.943.549	674.219	-	6.617.768
Variable rate financial instruments	13.611.793	-	-	13.611.793
Non-interest bearing financial instruments	1.803.489	248	376	1.804.113
Non-financial assets	81.776	-	-	81.776
<b>Total assets</b>	<b>21.440.607</b>	<b>674.467</b>	<b>376</b>	<b>22.115.450</b>
Fixed rate financial instruments	16.846.645	705.602	-	17.552.247
Variable rate financial instruments	2.969.029	37.930	-	3.006.959
Non-interest bearing financial instruments	4.742	248	376	5.366
Non-financial liabilities	786.120	-	-	786.120
<b>Total liabilities</b>	<b>20.606.536</b>	<b>743.780</b>	<b>376</b>	<b>21.350.692</b>
<b>Net liquidity gap</b>	<b>834.071</b>	<b>-69.313</b>	<b>-</b>	<b>764.758</b>

## Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, human error or external events.

Operational risk is monitored and controlled by two complementary departments.

First, operational risk is dealt with by the Enterprise Risk Management Function (ERM). This function monitors and manages enterprise risk, including operational risk, internal controls and operational incident (loss/profit) collection etc. ERM initiates and coordinates the implementation of risk-reducing, mitigating actions as decided by the management of AACB. Key risk indicators are used to monitor the level of risk control. This function is also responsible for Business Continuity Management and Information Security Management.

Secondly, the Operational Risk Management & Control Department within AAB Risk Management performs reviews of the Operational Risk profile of AACB based on the Advanced Measurement Approach (AMA) criteria in accordance with Basel II. Currently the new AMA framework is being implemented and awaits its approval by the DNB in the course of 2013. The AAB Operational Risk department will continue applying the current AMA methodology for economic capital calculation and The

Standardised Approach for regulatory capital calculation. They also perform yearly Risk & Control Self Assessments (RCSA) of the AACB business to inform the management team of AACB of its operational risk profile. AACB is fully compliant with the current AAB Advanced Measurement Approach.

AACB is subject to an annual Strategic Risk Self Assessment workshop (SRA) where AACB's management and Risk representatives discussed the risks to the realisation of AACB's strategic objectives. Follow up is monitored by the Operational Risk Department and ERM.

## Internal Control

Operational risk management is promoted through the AACB internal control arrangements. Procedures and work instructions are in place to safeguard a controlled operational environment. The organisational structure of AACB ensures a separation of duties, clearly defined powers and the allocation of responsibilities, including powers of representation.

## 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 AACB complies with AAB BCM policies and procedures.

Business Continuity Plans (BCP) are in place for each individual AACB site with the goal to limit the impact of unexpected events on the continuity of services. The BCP describes the procedures to be followed in order to maintain critical activities of the bank in the event of an emergency that leads to the loss of one of our critical products/services or systems.

On a continuous basis, training is provided to Business Crisis Team members. Staff members are obliged to participate in BCP awareness sessions and receive BCP up-dates

### Information Security Management

As a financial services provider, information is of critical importance to AACB. The clearing business is a knowledge and information intensive enterprise and ensuring confidentiality, integrity and availability of information is crucial to protect our business. In order to effectively manage the threats and risks an information security management framework has been implemented for all AACB locations. The effectiveness of this plan is reported quarterly in our Enterprise Risk Management reporting to our Global Management Team at the ERM committee. Where necessary, improvements are identified and addressed in action plans to increase the level of control over implemented controls.

### Information Technology risk

In order to limit business risks related to the usage of information technology (IT) to a minimum, several measures of internal control have been implemented, such as deploying an own Business Support department, being the intermediary between AACB's users and its IT development and Business Development department, being engaged with long term development and planning. Moreover AACB has incorporated internal controls to guarantee the accuracy and completeness of data processing.

### 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 parties.

The financial infrastructure is regulated and intensively supervised by regulatory authorities. The market infrastructure includes CCPs whose role it is to mitigate counter party risk. Clearing members are required to pay initial margin upfront to cover potential future exposure that the CCP runs on the position of its Clearing Members. In addition to the paid upfront margin, CCPs also require Clearing Members to contribute into Default Funds or Guarantee Funds. In case 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 the clearing member can hand in its membership. CCP clearing ensures to a large extent that monetary losses as a result of a default of a clearing member, are covered.

### Fair Value Hierarchy

The financial instruments carried at fair value have been categorized under the three levels of the IFRS fair value hierarchy as follows:

- ▶ Quoted prices in active markets (Level 1);
- ▶ Valuation Techniques with observable market data (Level 2);
- ▶ Valuation Techniques with significant unobservable market data (Level 3).

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

**Fair value statement** (x EUR 1.000)

<b>At 31 December 2012</b>	<b>Quoted prices in active market</b>	<b>Valuation technique observable market data</b>	<b>Valuation technique unobservable market data</b>	<b>Total</b>
Trading assets	3.370	1.913	-	5.283
Investments available for sale	16.440	21.723	-	38.163
<b>Total financial assets held at fair value</b>	<b>19.810</b>	<b>23.636</b>	-	<b>43.446</b>
Trading liabilities	10.029	1.913	-	11.942
<b>Financial liabilities held at fair value</b>	<b>10.029</b>	<b>1.913</b>	-	<b>11.942</b>

<b>At 31 December 2011</b>	<b>Quoted prices in active market</b>	<b>Valuation technique observable market data</b>	<b>Valuation technique unobservable market data</b>	<b>Total</b>
Trading assets	-	3.622	-	3.622
Investments available for sale	31.188	19.034	-	50.222
<b>Total financial assets held at fair value</b>	<b>31.188</b>	<b>22.656</b>	-	<b>53.844</b>
Trading liabilities	1.744	3.622	-	5.366
<b>Financial liabilities held at fair value</b>	<b>1.744</b>	<b>3.622</b>	-	<b>5.366</b>

## Foreign exchange risk

Due to the activities of AACB in London, Singapore, Japan, Hong Kong, Sydney and Chicago foreign exchange risk is born on the net working capital of London Branch and the equity of Singapore, Japan, Hong Kong, Sydney and Chicago subsidiaries. Entering into foreign currency transactions with related parties economically mitigates this foreign exchange risk for AACB.

AAB has committed to providing immediate and sufficient access to funds. The liquidity management department will calculate 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 made in matching currency, the FX risk on funding is offset with the FX risk on borrowings, therefore the foreign exchange risk is minimal.

The foreign exchange risk that is born 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 is nil.

## Interest rate risk

Interest rate risk is managed according to the Asset & Liability Management (ALM) framework as approved by the ALCO. This framework is designed primarily to transfer interest rate risk out of commercial business lines to central management of AAB, allowing for a 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 the ALM/Treasury of AAB.

## Management of capital requirements

On a stand alone basis AACB meets the minimum capital and regulatory solvency requirements. The 403 declaration deposited by AAG safeguards the going concern basis of AACB. The regulatory capital position is calculated and managed on AAB level.

On the level of AACB the following capital amounts and ratio's per ultimo year are applicable:

(x EUR 1.000)

Capital	2012	2011
IFRS equity	692.616	759.329
Tier 1 capital	637.614	696.198
Regulatory capital	685.667	751.565
Risk Weighted Assets	6.548.858	5.599.534
Core tier 1 ratio	10,39%	13,32%
Tier 1 ratio	9,74%	12,43%
Total capital ratio	10,47%	13,42%



# governance and ownership

## Corporate structure

AACB is a public company with limited liability and incorporated on 25 November 1982 under Dutch Law and is a fully owned subsidiary of AAB, which is fully owned by AAG. The financial statements of AACB are incorporated in the consolidated financial statements of AAG.

AAG is the issuer of a 403 Declaration regarding AACB. A 403 Declaration is a declaration 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 consisting of a Managing Board and a Supervisory Board.

The responsibilities and activities of the Management Board and the Supervisory Board are governed by Dutch company law and AACB's articles of association. Furthermore, AACB has established regulations for the Management Board and Supervisory Board regarding their activities and responsibilities.

## Managing Board

### Responsibilities of the Managing Board

The members of the Managing Board 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 members of the Managing Board are guided by the interests and continuity of AACB and its affiliated entities taken into consideration the interests of all of AACB's stakeholders and society at large.

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

The Managing Board must at least submit to the Supervisory Board for approval AACB's operational and financial objectives, annual accounts, strategy and the parameters in relation to the strategy.

### Appointment, suspension and dismissal

The members of the Managing Board are appointed by the General Meeting of Shareholders. 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 Report by the Managing Board.

## 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 Management Board by rendering advice.

In carrying out their duties, the members of the Supervisory Board 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 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 must meet at least four times each year and on so many further occasions as any of the members of the Supervisory Board may deem it necessary.

### **Appointment, suspension and dismissal**

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

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

## **Shareholders**

### **General Meetings of Shareholders**

At least one General Meeting of Shareholders is normally held each year within six months of the close 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.

On 30 January 2012 an Extraordinary General Meeting of Shareholders was held and it was decided to pay out an ordinary dividend of EUR 125 million.

The annual General Meeting of Shareholders of AACB was held on 31 May 2012. The general Meeting of Shareholders adopted the Annual Accounts 2011 and grant discharge to the members of the Managing Board and the Supervisory Board.

### **Dutch Banking Code**

The Banking Code that was drawn up by the Netherlands Bankers' Association (NVB) 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 Banking Code applies to AACB as a licensed bank under the Wft. AACB forms part of the ABN AMRO group of companies (ABN AMRO). The principles of the Banking 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 applicable parts of the Dutch Banking Code. The annual report 2012 of AAG provides further details on the application of the Dutch Banking Code.

# notes to the consolidated income statement

## for the year ended 31 December 2012

(x EUR 1.000)

	2012	2011
<b>1. Net interest income</b>	<b>65.724</b>	<b>57.728</b>

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

Interest income	199.857	241.682
Interest expense	134.133	183.954
<b>Net interest income</b>	<b>65.724</b>	<b>57.728</b>

Of the Net Interest items the following amounts were related to ABN AMRO Group companies:

Interest income ABN AMRO Group companies	54.163	95.221
Interest income third party customers/banks	145.694	146.461
<b>Total interest income</b>	<b>199.857</b>	<b>241.682</b>

Interest expense ABN AMRO Group companies	98.758	138.173
Interest expense third party customers/banks	35.375	45.781
<b>Total interest expense</b>	<b>134.133</b>	<b>183.954</b>

<b>2. Net fee and commission income</b>	<b>175.413</b>	<b>188.435</b>
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The commissions and fees item can be broken down as follows:

Fee and commission income	838.957	656.996
Fee and commission expense	663.544	468.561
<b>Net fee and commission income</b>	<b>175.413</b>	<b>188.435</b>

The components of net fee and commission are:

Net commissions payment services	-780	-443
Net commissions securities	169.240	179.077
Net commissions other	6.953	9.801
<b>Net fee and commission income</b>	<b>175.413</b>	<b>188.435</b>

Of the net commissions and fees item the following amounts were with:

Net fee and commission ABN AMRO Group companies	-16.248	-17.478
Net fee and commission third party customers/banks	191.661	205.913
<b>Net fee and commission income</b>	<b>175.413</b>	<b>188.435</b>

	2012	2011
<b>3. Dividend and other investment income</b>	<b>1.590</b>	<b>591</b>

This item consist of dividends received relating to the investments available for sale.

<b>4. Realised capital gains on investments</b>	<b>36.781</b>	<b>19.979</b>
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The item of 2012 consists mainly the sale of shares by ABN AMRO Clearing London Branch (EUR 36.485).

The item of 2011 consists mainly the sale of shares by ABN AMRO Clearing London Branch (EUR 8.663) and a realised gain on foreign currency translations concerning the subsidiaries (EUR 11.440).

<b>5. Other (un)realised gains and losses</b>	<b>-125</b>	<b>258</b>
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This item consists foreign exchange differences on monetary items.

<b>6. Other income</b>	<b>4.337</b>	<b>2.326</b>
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This item consists the Non-recurring income relating to operational activities

The increase in 2012 is mostly due to a higher income relating to the Market Acces services in London.

Note: As of 2012 ABN AMRO Bank N.V. charge ABN AMRO Clearing Bank N.V. for overhead costs. In the proforma 2011 column are reported the amounts as they would be if there was a recharge 2011.

	2012	2011	Proforma 2011
<b>7. Personnel expenses</b>	<b>79.751</b>	<b>48.333</b>	<b>73.654</b>
Staff expenses are specified as follows:			
Salaries and wages	62.571	38.714	57.295
Social security charges	10.143	4.377	11.153
Pension expenses	3.819	2.478	2.485
Other	3.218	2.764	2.721
<b>Personnel expenses</b>	<b>79.751</b>	<b>48.333</b>	<b>73.654</b>

The pension expenses are mainly related to the defined contribution plan of the subsidiaries and the defined benefit plan in Frankfurt and EMCF.

The remuneration of Global Senior Management (13FTE) in 2012 was EUR 3.320 (2011: EUR 3.430). Remuneration includes base salary, pension costs and variable remuneration. The ABN AMRO remuneration policy is applicable to all staff of AACB. The remuneration of the Supervisory Board members in 2012 was nil (2011: nil).

	2012*	2011*
The average number of FTEs related to staff expenses:		
Netherlands	371	426
United Kingdom	102	95
Germany	27	29
Belgium	10	11
Singapore	32	29
Japan	11	11
Australia	47	42
Hong Kong	23	21
United States	181	159
<b>Total</b>	<b>804</b>	<b>823</b>

\* The majority of the employees of the Netherlands have a contract with ABN AMRO Bank N.V. (2012: 340 and 2011: 398).

Note: As of 2012 ABN AMRO Bank N.V. charge ABN AMRO Clearing Bank N.V. for overhead costs. In the proforma 2011 column are reported the amounts as they would be if there was a recharge 2011.

	2012	2011	Proforma 2011
<b>8. General and administrative expenses</b>	<b>103.441</b>	<b>57.912</b>	<b>82.767</b>
Other general and administrative expenses can be broken down as follows:			
Agency staff, Contractors and Consultancy costs	25.301	13.023	20.136
Staff related costs	908	357	622
Information technology costs	16.199	12.251	15.199
Housing	5.295	5.527	5.541
Post, telephone and transport	4.760	4.779	5.526
Marketing and public relations costs	1.202	798	1.050
Recharges from ABN AMRO Group companies*	38.802	14.333	27.328
Other**	10.974	6.844	7.365
<b>General and administrative expenses</b>	<b>103.441</b>	<b>57.912</b>	<b>82.767</b>

\* Centralised services e.g. information technology, facilities and corporate overhead.

\*\* In 2012 Other includes an amount of EUR 3,6 million for the Dutch bank tax.

	2012	2011	Proforma 2011
<b>9. Depreciation and amortisation of (in)tangible assets</b>	<b>8.727</b>	<b>7.029</b>	<b>7.644</b>
This item refers to the depreciation and amortisation of equipment and software.			
Leasehold improvements - depreciation	624	422	422
Equipment - depreciation	227	318	318
IT equipment - depreciation	6.190	5.223	5.223
Purchased software - Amortisation	1.275	1.066	1.066
<b>Depreciation and amortisation expenses</b>	<b>8.316</b>	<b>7.029</b>	<b>7.029</b>
Purchased software - Amortisation rebilled by ABN AMRO Group	411	-	615
<b>Depreciation and amortisation expenses</b>	<b>8.727</b>	<b>7.029</b>	<b>7.644</b>

	2012	2011
<b>10. Impairment charges on loans and other receivables</b>	<b>-3.212</b>	<b>-1.619</b>

For details on the impairments we refer to the loans and receivables from banks and customers items in the balance sheet.

In 2012 a part of loans written off in 2007 was recovered in the amount of EUR 3.891 in relation to a debt recovery agreement.

<b>11. Income tax expenses</b>	<b>30.291</b>	<b>41.745</b>
The details of the current and deferred income tax expense are presented below:		
Current tax	29.647	53.042
Deferred tax	644	-11.297*
<b>Total income tax expenses</b>	<b>30.291</b>	<b>41.745</b>

\* An amount of EUR 10,7 million of the deferred tax is caused by the change in the methodology of the NIH.

Below is a reconciliation of the expected income tax expense to the actual income tax expense. The expected income tax expense has been determined by relating the profit before tax to the weighted average rate between branches and subsidiaries.

Profit before taxation	95.013	157.662
Weighted applicable tax rate	27,95%	25,85%
<b>Expected income tax expense</b>	<b>26.556</b>	<b>40.756</b>
Increase in taxes resulting from:		
Adjustments for current tax of prior period	1.773	-496
Local Tax*	2.050	1.383
Other	-88	102
<b>Actual income tax expenses</b>	<b>30.291</b>	<b>41.745</b>
Effective tax rate	-31,88%	-26,48%

\* Local tax concerns mainly US state tax calculated on the income against the applicable tax rate.

# notes to the consolidated statement of financial positions

## as at 31 December 2012

(x EUR 1.000)

### ASSETS

	2012	2011
<b>13. Cash and balances at Central banks</b>	<b>3.506.260</b>	<b>3.760.297</b>
<p>All cash and cash equivalents are available for use in ABN AMRO Clearing Bank N.V. day-to-day operations.</p> <p>Of the cash and cash equivalents the following amounts were due from:</p>		
ABN AMRO Group companies	1.948.655	2.220.287
Third parties	1.557.605	1.540.010
<b>Total Cash and cash equivalents</b>	<b>3.506.260</b>	<b>3.760.297</b>
<b>14. Short term deposits</b>	<b>-</b>	<b>37.930</b>

The short term deposits have a maturity of more than 3 months but no longer than 12 months.

<b>15. Financial assets held for trading</b>	<b>5.283</b>	<b>3.622</b>
<p>Trading assets contains mainly derivatives. 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.</p> <p>The risk of the OTC derivatives is offset by the identical contracts (trading liabilities), therefore risk is limited</p> <p>The trading assets consist of the following financial instruments:</p>		
Over the counter (OTC)	1.913	3.622
CFD's	3.370	-
<b>Total financial assets held for trading</b>	<b>5.283</b>	<b>3.622</b>

The notional amounts of OTC derivative contracts are not recorded in the balance sheet as assets or liabilities and do not represent the potential for gain or loss association with such transactions. ABN AMRO Clearing Bank N.V.'s exposure to the credit risk associated with counterparty non-performance is limited to the net positive replacement costs of the derivative contracts.

The notional amounts of the OTC derivatives are EUR 304 million as per 31 December 2012 (2011: EUR 207 million).

The Equity amount relating to Contract for Differences is EUR 14,6 million as per 31 December 2012 (2011: EUR 0)

	2012	2011
<b>16. Loans and receivables - banks</b>	<b>3.856.833</b>	<b>3.868.246</b>
<p>This item includes all accounts receivable from credit institutions and central banks that relate to business operations and do not belong to cash and cash equivalents or trade and other receivables.</p> <p>As of 31 December 2012 no amount has a maturity of more than three months.</p> <p>Loans and receivables - banks consisted of the following at 31 December:</p>		
Interest bearing deposits	1.737	2.778
Reverse repurchase agreements	995.386	78.747
Securities borrowing transactions	2.858.834	3.785.387
Mandatory reserve deposits with central banks	1.492	1.431
<b>Total loans and receivables - banks</b>	<b>3.857.449</b>	<b>3.868.343</b>
Less: loan impairment	-616	-97
<b>Net loans and receivable - banks</b>	<b>3.856.833</b>	<b>3.868.246</b>

None of the amounts in the loans and receivables - banks items were subordinated in 2012 or 2011.

The receivable relating to the securities borrowing transactions refers to the (cash) collateral requirements of counterparties.

Of the loans and receivables - banks item the following amounts were due from:

ABN AMRO Group companies	2.304.227	3.511.311
Third parties	1.552.606	356.935
<b>Total loans and receivables - banks</b>	<b>3.856.833</b>	<b>3.868.246</b>

	2012	2011
<b>17. Loans and receivables - customers</b>	<b>10.681.725</b>	<b>12.563.088</b>
<p>This includes all accounts receivables from customers relating to business operations, insofar as these are not categorised as cash and cash equivalents or trade and other receivables.</p> <p>As of 31 December 2012 a total amount of EUR 11.843 has a maturity of more than 3 months but less than one year.</p> <p>The composition of loans and receivables - customers at 31 December is as follows:</p>		
Commercial loans	10.319.865	10.804.071
Reverse repurchase agreements	910	1.168.833
Securities borrowing transactions	383.004	612.202
<b>Total loans and receivables - customers</b>	<b>10.703.779</b>	<b>12.585.106</b>
Less: loan impairment	-22.054	-22.018
<b>Net loans and receivables - customers</b>	<b>10.681.725</b>	<b>12.563.088</b>

Of the commercial loans an amount of EUR 1.776 million was granted to ABN AMRO Group companies (2011: EUR 5.792 million). The effective interest rate is the applicable market reference rate (i.e. Eonia, Sonia) including mark up at arms length.

All loans and receivables - customers are fully collateralised (i.e. cash, equities, bonds).

	2012	2011
Of the loans and receivables - customers item the following amounts were due from:		
ABN AMRO Group companies	1.818.867	7.227.204
Third parties	8.862.858	5.335.884
<b>Total due from customers</b>	<b>10.681.725</b>	<b>12.563.088</b>

<b>18. Assets held for sale</b>	<b>38.163</b>	<b>50.222</b>
Movements in the investments available for sale were as follows:		
Opening balance as at 1 January	50.222	49.154
Sales to third parties	-16.695	-127
Additions	1.287	9.590
Gross revaluation to equity	2.004	-9.383
Exchange rate differences	1.345	988
<b>Closing balance as at December 31</b>	<b>38.163</b>	<b>50.222</b>

There were no impairments on the investments available for sale in 2011 or 2012.

<b>19. Trade and other receivables</b>	<b>2.571.692</b>	<b>1.750.269</b>
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This item includes all trade and other receivables arising from the normal course of business.

There were no impairments recorded for the trade and other receivables in 2012 or 2011.

	2012	2011
<b>20. Property and equipment</b>	<b>14.265</b>	<b>15.537</b>

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

	2012			
	Leasehold improvements	IT Equipment	Other property and equipment	Total
<b>Acquisition costs as at 1 January</b>	<b>4.558</b>	<b>31.075</b>	<b>2.605</b>	<b>38.238</b>
Additions	1.176	4.629	183	5.988
Disposal	-	-113	-22	-135
Foreign exchange differences	-155	-161	-21	-337
<b>Acquisition costs as at 31 December</b>	<b>5.579</b>	<b>35.430</b>	<b>2.745</b>	<b>43.754</b>
<b>Accumulated depreciation 1 January</b>	<b>-2.048</b>	<b>-19.574</b>	<b>-1.079</b>	<b>-22.701</b>
Depreciation expense	-624	-6.190	-227	-7.041
Disposal	-	113	2	115
Foreign exchange differences	21	111	6	138
<b>Accumulated depreciation at 31 December</b>	<b>-2.651</b>	<b>-25.540</b>	<b>-1.298</b>	<b>-29.489</b>
<b>Property, plant and equipment as at 31 December</b>	<b>2.928</b>	<b>9.890</b>	<b>1.447</b>	<b>14.265</b>

	2011			
	Leasehold improvements	IT Equipment	Other property and equipment	Total
<b>Acquisition costs as at 1 January</b>	<b>3.150</b>	<b>23.138</b>	<b>2.634</b>	<b>28.922</b>
Additions	1.549	7.533	313	9.395
Disposal	-310	-717	-377	-1.404
Foreign exchange differences	169	1.121	35	1.325
<b>Acquisition costs as at 31 December</b>	<b>4.558</b>	<b>31.075</b>	<b>2.605</b>	<b>38.238</b>
<b>Accumulated depreciation 1 January</b>	<b>-1.853</b>	<b>-14.390</b>	<b>-1.042</b>	<b>-17.285</b>
Depreciation expense	-422	-5.223	-318	-5.963
Disposal	257	715	301	1.273
Foreign exchange differences	-30	-676	-20	-726
<b>Accumulated depreciation at 31 December</b>	<b>-2.048</b>	<b>-19.574</b>	<b>-1.079</b>	<b>-22.701</b>
<b>Property, plant and equipment as at 31 December</b>	<b>2.510</b>	<b>11.501</b>	<b>1.526</b>	<b>15.537</b>

No impairments have been recorded to the property and equipment during 2011 and 2012. Leasehold improvements are depreciated according to the lease term, IT equipment in 3 years and other property and equipment in 10 years.

	2012	2011
<b>21. Intangible assets</b>	<b>6.276</b>	<b>2.555</b>
The Intangible assets item consists solely of software that is not an integral part of the related hardware.		
<b>Acquisition costs as at 1 January</b>	<b>7.013</b>	<b>4.858</b>
Purchase subsidiary	-	-
Additions	5.121	2.020
Disposal	-	-90
Foreign exchange differences	-180	225
<b>Acquisition costs as at 31 December</b>	<b>11.954</b>	<b>7.013</b>
<b>Accumulated amortisation 1 January</b>	<b>-4.458</b>	<b>-3.352</b>
Purchase subsidiary	-	-
Amortisation expense	-1.276	-1.066
Disposal	-	88
Foreign exchange differences	56	-128
<b>Accumulated amortisation as at 31 December</b>	<b>-5.678</b>	<b>-4.458</b>
<b>Intangible assets as at 31 December</b>	<b>6.276</b>	<b>2.555</b>

No impairments have been recorded to Intangible assets. Software is amortised in 3 years.

<b>22. Current tax assets</b>	<b>6.966</b>	<b>2.804</b>
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The current tax asset is the calculated tax position based on actual income over the year less the prepayments made during the year based on the profit estimations.

<b>23. Deferred tax assets</b>	<b>13.319</b>	<b>12.817</b>
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The deferred tax assets refers to the tax effect of a different valuation of assets and liabilities under local tax laws compared to the IFRS valuation.

The deferred tax assets can be categorised into:

Net investment hedge	9.535	10.999
Investments available for sale	725	-
Property and equipment	105	103
Accrued expenses and deferred income	2.954	1.715
<b>Closing balance as at 31 December</b>	<b>13.319</b>	<b>12.817</b>

	<b>2012</b>	<b>2011</b>
<b>24. Other assets</b>	<b>69.071</b>	<b>48.063</b>
The table below shows the components of Other assets at 31 December:		
Accrued interest income	7.006	11.436
Accrued other income	8.091	4.730
Accrued assets related to transactions	46.655	16.073
Prepayments	6.386	14.158
Other	933	1.666
<b>Closing balance as at December 31</b>	<b>69.071</b>	<b>48.063</b>

**LIABILITIES**

	<b>2012</b>	<b>2011</b>
<b>25. Financial liabilities held for trading</b>	<b>11.942</b>	<b>5.366</b>
The trading liabilities consist of the following:		
Over the counter (OTC)	1.913	3.622
CFD's	10.029	-
Other trading liabilities	-	1.744
<b>Total financial liabilities held for trading</b>	<b>11.942</b>	<b>5.366</b>

The notional amounts of OTC derivative contracts are not recorded in the balance sheet as assets or liabilities and do not represent the potential for gain or loss association with such transactions. ABN AMRO Clearing Bank N.V.'s exposure to the credit risk associated with counterparty non-performance is limited to the net positive replacement costs of the derivative contracts.

The notional amounts of the OTC derivatives are EUR 304 million as per 31 December 2012 (2011: EUR 207 million).

The Equity amount relating to Contract for Differences is EUR 21,2 million as per 31 December 2012 (2011: EUR 0)

<b>26. Due to banks</b>	<b>13.958.541</b>	<b>15.352.149</b>
The table below shows the components of due to banks at 31 December:		
Demand deposits	2.261.032	2.282.621
Time deposits	11.697.509	13.069.528
<b>Total due to banks</b>	<b>13.958.541</b>	<b>15.352.149</b>

Of the due to banks item the following amounts were with:

Demand deposits due to banks ABN AMRO Group	1.912.132	1.887.803
Time deposits due to banks ABN AMRO Group	11.643.977	12.994.675
<b>Total ABN AMRO Group companies</b>	<b>13.556.109</b>	<b>14.882.478</b>
Demand deposits due to third party banks	348.900	394.818
Time deposits due to third party banks	53.532	74.853
<b>Total third party banks</b>	<b>402.432</b>	<b>469.671</b>
<b>Total due to banks</b>	<b>13.958.541</b>	<b>15.352.149</b>

**Contractual terms of deposits held by banks**

In 2012 a total amount of EUR 11.843 has a maturity of more than 3 months but less than one year.

	2012	2011
<b>27. Due to customers</b>	<b>5.309.147</b>	<b>5.207.057</b>
The components of due to customers at 31 December are as follows:		
Demand deposits	4.438.429	4.482.720
Time deposits	651.234	309.585
<b>Total deposits</b>	<b>5.089.663</b>	<b>4.792.305</b>
Repurchase agreements with customers	-	2.260
Securities lending transactions	15.531	249.253
Other borrowings	203.953	163.239
<b>Total due to customers</b>	<b>5.309.147</b>	<b>5.207.057</b>

Other borrowings mostly relate to margin accounts.

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	4.506	28.542
Time deposits due to customers ABN AMRO Group	650.931	309.347
<b>Total ABN AMRO Group companies</b>	<b>655.437</b>	<b>337.889</b>
Demand deposits due to customers third party	4.433.923	4.454.178
Time deposits due to customers third party	303	238
Reverse repurchase agreements	-	2.260
Cash collateral related to securities lending transactions	15.531	249.253
Other borrowings	203.953	163.239
<b>Total third party customers</b>	<b>4.653.710</b>	<b>4.869.168</b>
<b>Closing balance as at 31 December</b>	<b>5.309.147</b>	<b>5.207.057</b>

In 2012 all the amounts have a maturity of less than 3 months.

<b>28. Subordinated liabilities</b>	<b>56.859</b>	<b>-</b>
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The subordinated liabilities concerns a revolving loan received from ABN AMRO Group for the Chicago office to meet the capital requirements of the regulators. The loan ended in Februari 2013 after a capital contribution of USD 200 million from AACB to the Chicago office.

	2012	2011
<b>29. Provisions</b>	<b>47</b>	<b>8.180</b>

This item mainly consists of a claim received with respect to the settlement of a default client in 2008. The claim has been closed in 2012. The remaining balance relates to the incurred but not identified provision.

The movements in this provision were:

Opening balance as at 1 January	8.180	3.044
Additions for the period	-	5.136
Release for the period	-8.133	-
<b>Closing balance as at 31 December</b>	<b>47</b>	<b>8.180</b>

<b>30. Accrued interest, expenses and other liabilities</b>	<b>714.778</b>	<b>749.278</b>
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As at 31 December the composition of accrued interest and other liabilities is as follows:

Accrued interest charges	9.782	12.844
Accrued other charges	66.102	76.718
Defined benefit obligations	3.454	2.973
Payables related to securities transactions	543.375	619.029
Rebilling cost by ABN AMRO Group	58.693	-
Accounts payable	4.042	5.991
Other	29.330	31.723
<b>Closing balance as at 31 December</b>	<b>714.778</b>	<b>749.278</b>

ABN AMRO Clearing Bank N.V. is operating a defined benefit pension plan for some employees in Germany and for all the employees of the subsidiary EMCF. The pension plan in Germany is closed to new employees and none of the employees entitled to benefits of the plan is in active service. The pension plan for EMCF employees started in 2011. The current beneficiaries are only employees in active service.

Pension obligations are determined by mortality, wage drift and economic assumptions such as inflation, value of plan assets and discount rate. The defined benefit plan is not funded by plan assets, which means that no return on plan assets has been taken into account.

The following table reflects the changes in net-pension liabilities:

<b>Defined benefit obligation as at 1 January</b>	<b>2.973</b>	<b>2.945</b>
Total defined benefit expense	496	464
Remeasurement effects recognised	550	-
Benefits paid	-565	-436
<b>Defined benefit obligation as at 31 December</b>	<b>3.454</b>	<b>2.973</b>

	2012	2011
The following table provides details on the amounts shown in the balance sheet at 31 December regarding pensions and other post employment benefits.		
Present value of defined benefit obligations	4.311	3.171
Fair value of plan assets	-645	-158
Unrecognised actuarial gains and losses	-212	-40
<b>Defined benefit obligation as at 31 December</b>	<b>3.454</b>	<b>2.973</b>

Net loss (gain) in excess of 10% of the Defined benefit liability is charged to the income statement in the year of occurrence as the remaining service of active participants is nil. The corridor of 10% of the defined benefit liability is EUR 346.300 (2011: EUR 297.300)

#### Economic assumptions Germany

The discount rate for pension cost purposes is the rate at which the pension obligations could be effectively settled. This rate is based on high-grade bond yields, after allowing for call and default risk. The following bond yields illustrate how the economic environment has changed since the prior year.

German Government Fixed Interest 10-year bond	1,38%	2,24%
German Government Fixed Interest 30-year bond	2,24%	2,91%
iBoxx 10 yr+ Annual AA Allstock Corporate Bond index	2,80%	5,10%

The assumptions for pension cost purposes are:

Discount rate	3,50%*	5,01%
Future Pension increases	2,00%	2,00%
Salary increase rate	n/a	n/a

\* The discount rate of 3,50% is determined against the current market circumstances at the balance sheet date and approved by the external actuaris.

#### Economic assumptions E.M.C.F.

The discount rate is based upon the yields available on high quality corporate bonds at the valuation date with a term that matches that of the companies liabilities. AA-credit rates bonds are generally considered to satisfy the quality criterion using Bloomberg data, a yield curve was derived from it to determine the appropriate discount rate based on the cash flows of the liabilities.

The assumptions for pension cost purposes are:		
Discount rate	3,70%	5,90%
Future Pension increases	2,00%	2,00%
Salary increase rate	2,50%	2,50%

2012

2011

**Defined contribution plans**

ABN AMRO Clearing Bank N.V. operates a number of defined contribution plans worldwide. The employer's commitment in a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan regulations. Employer contribution plans amounted to EUR 2.771 in 2012 (2011: EUR 2.041) and are included in Staff expenses.

**31. Current tax liabilities**

18.314

27.564

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 the 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.

**32. Deferred tax liabilities**

2.604

1.098

The deferred tax liabilities are related to investments AFS

In AACB London branch, we own equity investments in the exchanges (LCH, BATS). These investments will be taxed upon on a realisation basis. The deferred tax liability of EUR 2.604 reflects the tax effect of an upward revaluation of the AFS investments in the annual accounts. Taxation will become due on the potential capital gain when the asset is disposed of.

There were no write-downs of deferred tax liabilities during 2011 or 2012.

**33. Equity**

692.616

759.329

Issued and paid-up share capital of ABN AMRO Clearing Bank N.V. was not changed in the year 2012. 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 stock were issued and paid up against a nominal value of 1.000. At year-end 2011, all shares were held by ABN AMRO Bank N.V.

Share capital	15.000	15.000
Share premium	250	250*
Other reserves (incl. retained earnings/profit for the period)	677.386	734.586
Other components of equity	-20	9.493
<b>Equity attributable to owners of the company</b>	<b>692.616</b>	<b>759.329</b>

\* On 11 November 2011 a legal merger took place between ABN AMRO Global Services N.V. (AAGCS) and ABN AMRO Clearing Safekeeping N.V. (AACS). ABN AMRO Bank N.V. transferred its certificates of shares in AAGCS to ABN AMRO Clearing Bank N.V. as part of this merger. Stichting ABN AMRO Global Custody holds the shares of AAGCS and issued certificates of shares in AAGCS. The value of these certificates is reported as a share premium.

For the details on the changes in Equity attributable to owners of the company we refer to the consolidated statement of changes in equity.

	2012	2011
The composition of other components of equity are shown in the table below:		
Gross AFS reserve	5.185	3.181
Related tax	-1.879	-1.098
<b>AFS reserve</b>	<b>3.306</b>	<b>2.083</b>
Currency translation reserve	44.747	53.283
Gross revaluation reserve	-64.229	-61.575
Related tax	16.156	15.702
<b>Revaluation reserve</b>	<b>-48.073</b>	<b>-45.873</b>
<b>Other components of equity as at 31 December</b>	<b>-20</b>	<b>9.493</b>

The related tax on revaluation reserve can be split in two categories. From the total amount of EUR 16.1 mio an amount of EUR 11.1 mio is related to the deferred tax asset of the NIH (see note 23). The remaining amount of EUR 5.0 mio 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.

The unrealised currency translation differences are referring to the revaluation of the share capital of the subsidiaries in Singapore, Japan, Hong Kong, Australia, United States and the activities in United Kingdom.

Unrealised gains as at 1 January	9.493	8.177
Unrealised gains during the year	-650*	-11.659
Unrealised currency translation differences	-8.536	10.055
Related tax	-327	2.920
<b>Other components of equity as at 31 December</b>	<b>-20</b>	<b>9.493</b>

\* including an adjustment of EUR -454 for the year 2011.

The loss on the non controlling interest for the year 2012 is due to the negative result of subsidiary EMCF.

<b>34. Guarantees and other commitments</b>	5.206.423	5.324.233
The guarantees and other commitments consist the following:		
Securities borrowing	4.725.400	5.009.307
Guarantees	481.023	314.926
<b>Total guarantees and other commitments</b>	<b>5.206.423</b>	<b>5.324.233</b>
The guarantees are divided as follow:		
Guarantees given to subsidiaries	438.998	291.092
Guarantees given to Exchanges	42.025	23.834
<b>Total Guarantees</b>	<b>481.023</b>	<b>314.926</b>
Other commitments arising from securities borrowing consists almost entirely of related parties. All these securities are borrowed from the parent company (ABN AMRO Bank N.V.).		
<b>Total guarantees and other commitments</b>	<b>5.206.423</b>	<b>5.324.233</b>
Secured by collateral	4.725.400	5.009.307
<b>Net guarantees and other commitments</b>	<b>481.023</b>	<b>314.926</b>

# legal procedures

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

In August 2007, Sentinel Management Group, Inc. ('Sentinel'), a futures commission merchant that managed certain customer segregated funds for ABN AMRO Clearing Chicago LLC, 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 be distributed to certain Sentinel customers. ABN AMRO Clearing Chicago LLC received its pro rata share which totalized USD 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 ABN AMRO Clearing Chicago LLC. The Complaint also includes a claim for money ABN AMRO Clearing Chicago LLC received shortly before Sentinel filed for bankruptcy in the amount of USD 4,000,399. Management of ABN AMRO Clearing Chicago LLC, after consultation with legal counsel cannot yet express an opinion as to the ultimate outcome of the proceeding. Management believes the claims are without merit. ABN AMRO Clearing Chicago LLC 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, ABN AMRO Clearing Chicago LLC is subject to litigation and regulatory proceedings. Management of ABN AMRO Clearing Chicago LLC, after consultation with legal counsel, believes that the outcome of such proceedings will not have a material adverse effect on the Company's statement of financial condition.

ABN AMRO Clearing Sydney has also provided for an ongoing legal dispute which has arisen in the course of normal business relating to ownership of certain asset holding positions. The case was under appeal but is dismissed in November 2012.

# **company financial statements** **for the year 2012**

# company income statement

## for the year ended 31 december 2012

(x EUR 1.000)	2012	2011
Result from participating interests after tax	34.636	34.636
Other result after taxes	30.510	80.081
<b>Net profit attributable to owners of the company</b>	<b>65.146</b>	<b>114.717</b>

# company statement of financial position

## as at 31 December 2012

Before profit appropriation (x EUR 1.000)	2012	2011
<b>Assets</b>		
Cash and balances at Central banks	2.416.124	2.577.631
Short term deposits	37.930	37.930
Financial assets held for trading	27.751	3.622
Loans and receivables - banks	2.345.095	3.777.296
Loans and receivables - customers	12.344.525	12.694.383
Assets held for sale	32.419	43.997
Participating interest in group companies	385.971	357.275
Trade and other receivables	6.925	4.978
Property and equipment	5.187	6.342
Intangible assets	308	74
Current tax assets	511	912
Deferred tax assets	9.535	11.000
Other assets	62.122	29.897
<b>Total assets</b>	<b>17.674.403</b>	<b>19.545.337</b>
<b>Liabilities</b>		
Financial liabilities held for trading	34.410	5.366
Due to banks	13.821.048	14.941.327
Due to customers	3.002.928	3.745.584
Current tax liabilities	14.288	26.295
Deferred tax liabilities	2.604	1.098
Accrued interest, expenses and other liabilities	106.462	66.320
Provisions	47	18
<b>Total liabilities</b>	<b>16.947.377</b>	<b>18.780.642</b>

Before profit appropriation (x EUR 1.000)	2012	2011
<b>Equity attributable to owners of the company</b>		
Share capital	15.000	15.000
Share premium	250	250
Retained earnings	603.406	611.035
Currency translation reserve	52.945	4.649
Available for sale reserve	3.942	59.551
Revaluation reserve	-48.073	-45.873
Unappropriated result of the year	65.146	114.717
<b>Total Equity</b>	<b>692.616</b>	<b>759.329</b>
<b>Total liabilities and equity</b>	<b>17.639.993</b>	<b>19.539.971</b>
<b>Guarantees and other commitments</b>	<b>5.177.527</b>	<b>5.324.233</b>

# notes to the company financial statements for the year 2012

## General

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

## Principles for the measurement of assets and liabilities and the 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 Netherlands Civil Code. By making use of the 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.

See the notes to the consolidated balance sheet and income statement for items, which are not explained.

In the separate profit and loss account of ABN AMRO Clearing Bank N.V. the exemption referred to in Section 402 of Book 2 of the Dutch Civil Code has been applied.

	2012	2011
<b>Participating interest in group companies</b>	<b>385.971</b>	<b>357.275</b>

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;

European Multilateral Clearing Facility N.V., with registered office in Amsterdam, The Netherlands;

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;

Holland Clearing House N.V., 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:

<b>Balance as at 1 January</b>	<b>357.275</b>	<b>341.847</b>
Acquisition (transfer)	-	-
Increase of capital	1.200	8.000
Dividend paid out	-644	-38.051
Exchange differences	-8.723	10.843
Sale of shares	-	-
Result for the year	36.863	34.636
<b>Balance as at 31 December</b>	<b>385.971</b>	<b>357.275</b>

The following table shows the details of the investments to be consolidated:

	Entitle- ments	Currency	Shareholders' equity 2012  (x 1.000)	Net result 2012  (x 1.000)	Shareholders' equity 2012  (x EUR 1.000)
ABN AMRO Clearing Chicago LLC	100%	USD	231.857	31.852	175.776
ABN AMRO Clearing Sydney Pte Ltd	100%	AUD	87.558	7.012	68.892
ABN AMRO Clearing Hong Kong Ltd	100%	HKD	924.600	75.888	90.439
ABN AMRO Clearing Tokyo Ltd	100%	JPY	2.894.284	180.399	25.485
ABN AMRO Clearing Singapore Pte	100%	SGD	4.157	15	2.580
European Multilateral Clearing Facility N.V.	77%	EUR	16.757	-1.421	16.757
Holland Clearing House N.V.	100%	EUR	6.042	-1.399	6.042
					<b>385.971</b>

### Company statement of changes in equity

(x EUR 1.000)

	Share capital	Share Premium	Retained earnings	Currency translation reserve	Available for sale reserve	Re- valuation reserve	Unappro- priated result of the year	Total
<b>Balance at 31 December 2010</b>	<b>15.000</b>	<b>-</b>	<b>528.564</b>	<b>50.346</b>	<b>11.052</b>	<b>-44.178</b>	<b>82.471</b>	<b>643.255</b>
Total comprehensive income				9.207	-6.403	-1.695	114.717	115.826
Transfer			82.471				-82.471	-
Dividend								-
Increase of Capital		250						250
Other changes in equity				-2				-2
<b>Balance at 31 December 2011</b>	<b>15.000</b>	<b>250</b>	<b>611.035</b>	<b>59.551</b>	<b>4.649</b>	<b>-45.873</b>	<b>114.717</b>	<b>759.329</b>
Total comprehensive income				-6.606	-707	454	65.146	58.287
Transfer			117.371			-2.654	-114.717	-
Dividend			-125.000					-125.000
<b>Balance at 31 December 2012</b>	<b>15.000</b>	<b>250</b>	<b>603.406</b>	<b>52.945</b>	<b>3.942</b>	<b>-48.073</b>	<b>65.146</b>	<b>692.616</b>

# acquisitions

There were no acquisitions made in 2012 by ABN AMRO Clearing Bank N.V.:

Amsterdam, 22 May 2013

***Executive Board***

M.C. Jongmans

J.B.M. de Boer

A.P. Boers

# other information

## independent auditor's report

### Report on the financial statements

We have audited the accompanying financial statements 2012 of ABN AMRO Clearing Bank N.V., Amsterdam.

The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statements of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise the company statement of financial position as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the managing directors and the Supervisory Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion with respect to the consolidated financial statements

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 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

### Opinion with respect to the company financial statements

In our opinion, 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 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### **Report on other legal and regulatory requirements**

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the managing directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the managing directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 22 May 2013  
KPMG Accountants N.V.

**N.R. Tambach RA**

# composition of the Supervisory and Managing Board

## Composition of the Supervisory Board

### Supervisory Board

At year-end 2012, the Supervisory Board consisted of the following members:

**J.G. ter Avest**

**J.R. Dijst**

**J. Ketelaar**

**A.J.B.M. Peek**

**F. Woelders**

## Composition of the Managing Board

### Managing board

### Principal Responsibilities

**M.C. Jongmans**

Chairman

**J.B.M. de Boer**

Chief Commercial Officer

**A.P. Boers**

Chief Financial Officer

## Post-balance sheet date events

- ▶ The capital of ABN AMRO Clearing US LLC has increased by an amount of USD 200 million per 25 February 2013.
- ▶ On 14 March 2013 EMCF and EuroCCP announced to combine their strengths and capabilities by forming a new entity.

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

The profit shown in the Profit and Loss Account 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 2012 will be based on our current and projected consolidated capital ratio's and local regulatory and exchange requirements in combination with our growth strategy. The 2012 dividend amount will be decided at the General Meeting of Shareholders in May 2013.

# address



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

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



[abnamroclearing.com](http://abnamroclearing.com)