Interim Report & Quarterly Report

Second quarter 2016

ABN AMRO Group N.V.

Notes to the reader

Introduction

This report presents ABN AMRO's result for the second quarter of 2016 as well as for the first half year of 2016. The report contains an update of the share's performance, the quarterly and first half year financial review, an economic update and selected risk, capital, liquidity and funding disclosures. This report represents the Quarterly Report for the second quarter of 2016, the Interim Report 2016 and includes the Condensed Consolidated Interim Financial Statements for 2016.

Presentation of information

The Condensed Consolidated Interim Financial Statements in this report have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) and are reviewed by our external auditor. Some disclosures in the Risk, funding & capital information section of this report are part of the Condensed Consolidated Interim Financial Statements and are labelled as 'reviewed' in the respective tables or headings.

Developments of the results for the first six months of 2016 compared with the first six months of 2015 and of the financial position as at 30 June 2016 compared with 31 December 2015 constitute the Interim Report and are indicated separately. In addition, this report contains an analysis of performance during the second quarter of 2016. For further details on the first quarter of 2016, please refer to the Quarterly Report for the first quarter of 2016.

In the second quarter ABN AMRO implemented an adjustment to its offsetting policy with regard to notional cash pool agreements. Comparative figures are adjusted where applicable. Please refer to Note 1 Accounting policies for further details.

To provide a better understanding of the underlying results, ABN AMRO has adjusted its reported results, presented in accordance with EU IFRS, for defined special items.

This report is presented in euros (EUR), which is ABN AMRO's presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe that these month-end averages present trends that are materially different from those that would be presented by daily averages.

Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

In addition to this report, ABN AMRO provides the following supplementary documents for its Q2 2016 results on abnamro.com/ir:

- Analyst and investor call presentation: results for Q2 2016
- Investor presentation: results for Q2 2016
- Factsheet Q2 2016

For a download of this report or more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com.

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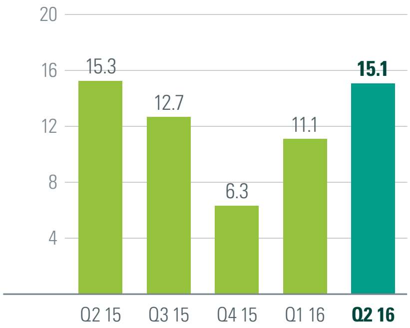
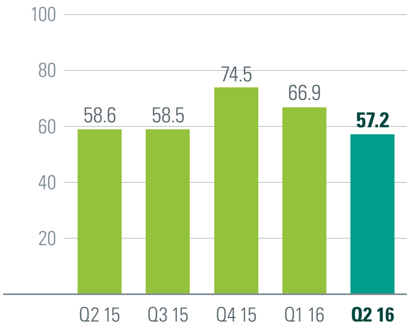
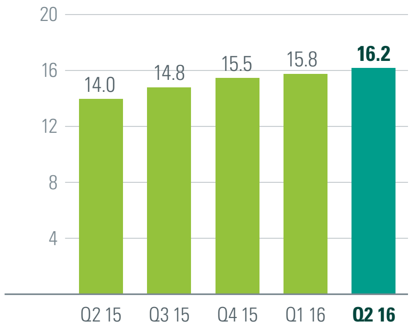
Underlying return on equity
Target range is 10-13 (in %)



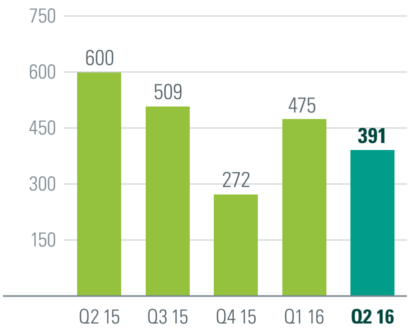
Underlying cost/income ratio
2017 target range is 56-60 (in %)



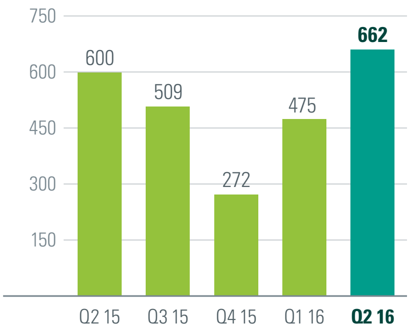
CET1 (fully-loaded)
Target range is 11.5-13.5 (in %)



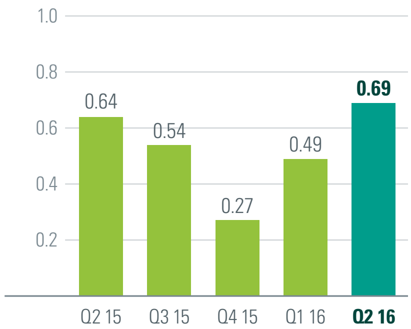
Reported net profit[1]
(in millions)



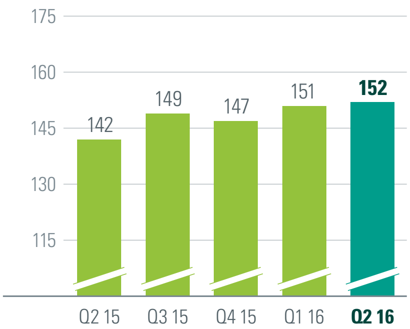
Underlying net profit[1]
(in millions)



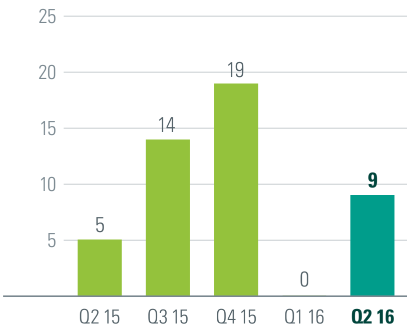
Underlying earnings per share
(in EUR)



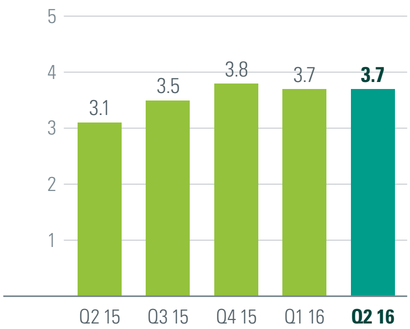
Underlying net interest margin
(in bps)



Underlying cost of risk
(in bps)



Leverage ratio (fully-loaded, CDR)
(end-of-period, in %)



[1] The difference between underlying net profit and reported net profit consists of one specific special item. More details are provided on pages 32-33.

Message from the Chairman of the Managing Board

I am pleased to update you on our five strategic priorities: enhance client centricity, invest in our future, improve profitability, strongly commit to a moderate risk profile and pursue selective international growth.

Client centricity: In early July we decided that it was in the best interests of our clients to adhere to the advice of the committee of independent experts established by the Dutch Minister of Finance on the reassessment of interest rate derivatives sold to SME clients. This decision means clients do not have to go through a complex and time-consuming process; they now know where they stand.

We will enhance client centricity further by expanding our current range of innovative and smart solutions. We now offer clients the possibility to place their investment orders in the stock market via our Mobile Banking app. ABN AMRO is the first major Dutch bank to enable clients to pay, save and invest through a single app. We also launched the new Tikkie app, enabling users to send payment requests via WhatsApp. Tikkie is an innovative solution developed by ABN AMRO, which can also be used by clients with a current account at another Dutch bank. Almost 100,000 people are already actively using this app. In July, we started offering clients in the Netherlands the option of conducting mortgage consultations via webcam on Sundays. ABN AMRO is the first Dutch bank to be open for mortgage advice seven days a week.

We also set up Econic, a fintech accelerator where the bank works together with fintechs in an independent environment to develop and test innovative ideas. In addition, our digital impact fund made its first investment, in the Swedish fintech Tink. Corporate Banking assisted nine clients towards successful IPOs in the second quarter. Our achievements did not go unnoticed. Euromoney gave us four prestigious awards: Global Award for Best Bank Transformation, Best Bank in the Netherlands, Best Investment Bank for the Netherlands and Best Bank Transformation for Western Europe.

Invest in our future: Sustainability is high on our agenda. After launching three social impact bonds at municipal level, we issued the first national social impact bond in the Netherlands, which will be used to help former convicts find a job. We issued our second green bond in the amount of EUR 500 million and introduced a new tool called the Global Sustainability Risk Indicator to assess business clients on their sustainability performance. Our efforts to hire people with disabilities were recognised, with ABN AMRO winning the Okura Emma at Work Award in June.

Improve profitability and strongly commit to a moderate risk profile: We are well on track with three of our financial targets: an ROE of 10-13% over the coming years, a CET1 ratio of 11.5-13.5% and a dividend payout ratio increasing to 50% of the reported full-year net profit by 2017. We will update our strategic financial targets beyond 2017 once there is more clarity on the impact of Basel IV.

The reported net profit for Q2 2016 was EUR 391 million after an additional provision of EUR 361 million (or EUR 271 million net of tax) on top of the EUR 121 million provision already taken for the assessment of SME interest rate derivatives. As this item masks the underlying trend of our activities, we also show an underlying net profit, which excludes this special item. The underlying performance for Q2 2016 - a net profit of EUR 662 million, which is an increase of 10% compared with the same quarter in 2015 - was solid. This is the highest level of underlying profitability since the new bank began operations in 2010, helped by a gain on the sale of Visa shares and low impairments, but also realised in an unprecedented low interest rate environment. Especially following the Brexit referendum, interest rates are expected to remain low for longer than anticipated, putting pressure on banks' earnings models across the sector. So far we have been able to manage the low interest rate environment, but further actions by the ECB to lower interest rates may negatively impact our results.

The underlying net profit for the first six months was EUR 1,136 million, flat compared with the first six months of 2015. The H1 2016 profit includes regulatory levies of EUR 110 million compared with no regulatory charges in the same period of 2015. The ROE declined to 13.1%, above the target range, as our capital base continued to grow. The fully-loaded CET1 ratio increased to 16.2% at the end of June 2016, up from 15.5% at year-end 2015 and 14.0% at the end of June 2015. The outcome of the European Banking Authority's stress test, which assessed the resilience of EU banks to economic shocks, showed that even under severe stress in the Netherlands ABN AMRO has a significant capital buffer. We will continue to grow our Basel III capital position until there is more clarity on Basel IV. In line with earlier guidance we intend to pay out 45% of the reported net profit over 2016 as dividend. Over the first six months of 2016 we will pay an interim dividend of EUR 0.40 per share, or 45% of the reported net profit.

Operating income for H1 2016 went down by 3% compared with H1 2015, with fee and commission income at Retail Banking and Private Banking and other operating income under pressure as clients were reluctant to invest due to uncertainty in the financial markets. Net interest income, our main source of income, held up well and grew by 2% despite a decline in the loan portfolio year-on-year. We have been able to maintain net interest income at or above the EUR 1.5 billion level in the past eight quarters, despite the low interest rate environment. Costs were contained; the increase of EUR 114 million, or 5%, was due to higher regulatory costs (up EUR 110 million). The operating result for H1 2016 declined by 13% compared with the same period in 2015, and the cost/income ratio increased to 61.8%, above the target range of 56-60% set for 2017. Loan impairments remained well below the average through-the-cycle and levels seen in the first half of 2015. In most areas we see low impairments or even releases. In ECT Clients, the cycle is currently in a downward phase, marked by continued low energy and commodity prices. As a result, we recorded above through-the-cycle impairments in ECT. We continue to cautiously monitor developments in the market and in our clients' businesses and take action if necessary to ensure that we maintain a moderate risk profile.

Pursue selective international growth: We aim to diversify our loan portfolio and grow our international business to 20-25% of total operating income by 2017 (20% in H1 2016). As the Dutch economy is closely linked with those of our neighbouring countries we will start servicing corporate clients selectively in Germany, France, Belgium and the UK within our sectors of expertise. In addition, we will diversify and expand our global sector activities in Corporate Banking into two new sectors: food and natural resources.

Looking back, we have achieved a lot. Looking ahead, as mentioned before, we are in the process of updating and extending our strategic financial targets beyond 2017 to address changing client needs, Basel VI and other regulations, digitalisation and innovation. We are taking steps to further digitise processes and straight-through processing for many high volume products. This should lead to substantial improvements in efficiency and sustainability (less paper), while also making it easier for our clients. Furthermore, for retail clients, we will increase our focus on helping them to organise their financial lives, pensions and financial planning. Private Banking will focus more on demand-based segmentation, offering services such as pension solutions, estate planning, and advice to charitable institutions.

Some of these initiatives require up-front investments before we are able to reap the full benefits. To finance these and to lower the C/I ratio, we will further address our cost base. We have concluded that significant cost savings are achievable in support and control activities across the bank. On a cost base for support and control activities of over EUR 800 million in scope, we expect to reduce costs by around 25% or EUR 200 million. These savings are a combination of staff and non-staff related costs and a significant part will be realised next year. In the coming period we will send a Request for Advice to the Employee Council. Further cost savings in other areas are currently being identified and will be initiated this year. We are confident that with the plans we are developing, we will continue to deliver long-term stakeholder value.

Gerrit Zalm
Chairman of the Managing Board

ABN AMRO shares

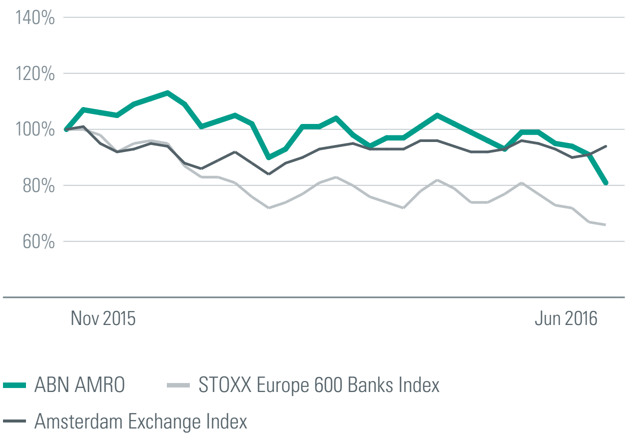
Key developments

Between 31 March 2016 and 30 June 2016, ABN AMRO's share price (depositary receipts) declined 17%, while the STOXX Europe 600 Bank index declined 18%. ABN AMRO was included in the relevant MSCI indices in May 2016 and STOXX Europe 600 indices in June 2016.

Listing information

A total of 216.2 million shares, or 23% of the total issued share capital of ABN AMRO Group, is currently held by the STAK AAG ('Stichting Administratiekantoor Continuïteit ABN AMRO Group'), which subsequently issued depositary receipts representing such shares. For more information about the STAK AAG, please refer to the 'About ABN AMRO' section of abnamro.com. The depositary receipts trade under ISIN code 'NL0011540547', Reuters ticker 'ABN.AS' and Bloomberg ticker 'ABN NA'.

Share price development
(in %)



Financial calendar[1]

- Ex-dividend date interim dividend – 24 August 2016
- Record date interim dividend – 25 August 2016
- Payment date interim dividend – 13 September 2016
- Publication third-quarter results – 16 November 2016.

(in millions)	Q2 2016	Q1 2016	Q2 2015
Share count			
Total shares outstanding/issued and paid-up shares	940	940	940
- of which held by NLFI	724	724	940
- of which listed (in the form of depositary receipts)	216	216	
- as a percentage of total outstanding shares	23%	23%	
Average number of shares	940	940	940
Average diluted number of shares	940	940	940
Key indicators per share (EUR)			
Underlying earnings per share	0.69	0.49	0.64
Shareholder's equity per share	18.04	18.05	16.90
Tangible shareholder's equity per share	17.77	17.77	16.63
Share price development (EUR)			
Closing price (end of period)	14.90	18.01	
High (during the period)	19.25	21.00	
Low (during the period)	14.50	15.23	
Market capitalisation (end of period, in billions)	14.01	16.93	
Valuation indicators (end of period)			
Price/Earnings	7,3x	9,2x	
Price/Tangible book value	0,8x	1,0x	

[1] All dates are subject to change. Please refer to abnamro.com/ir for the latest information. Dividend record date applies only if a final or interim dividend is paid.

Economic environment

The world economy continued to expand modestly in both Q1 and Q2. Concerns about a possible hard landing of the Chinese economy, which would affect the US and eurozone economies (hence ABN AMRO's operating environment), have eased somewhat in recent months. On a year-on-year basis, China's GDP growth even stabilised in Q2. Nevertheless, the country's economic transition will remain bumpy.

Following a very weak Q1, the US economy showed slightly higher growth in Q2: GDP rose by 0.3% quarter-on-quarter. The eurozone saw the opposite development in Q2: economic growth slowed compared with solid growth in Q1, which was partly due to one-off factors. GDP growth halved to 0.3% quarter-on-quarter.

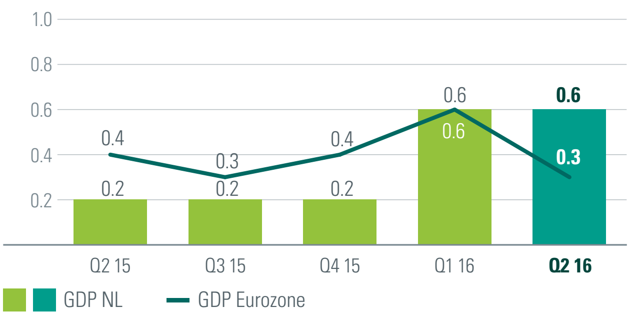
The unexpected outcome of the Brexit referendum came only at the end of June, so it did not affect growth in Q2. It will probably start to do so, although the impact of the Brexit is uncertain as regards timing and size. For the time being, there will be no actual Brexit. Short-term effects will be based mainly on changed expectations.

In Q2, the Dutch economy grew by 0.6% quarter-on-quarter, which was twice as high as the eurozone figure.

Unlike in the eurozone, economic growth in the Netherlands did not slow in Q2. In Q1, GDP had also risen by 0.6% compared with the preceding quarter. Investment in fixed assets (especially housing investment) was the main contributor to the further rise in GDP.

ABN AMRO slightly lowered its GDP growth forecast for 2016 to 1.5% (previously +1.7%). This reduction was partly due to the recent decision to further reduce gas extraction. Nevertheless, the economic environment for ABN AMRO appears to be mildly positive, albeit less positive than was assessed a quarter ago. Risks to the economy are tilted to the downside. Given the closer trade relations between the Netherlands and the United Kingdom, the Brexit is expected to hit the Dutch economy harder than the eurozone.

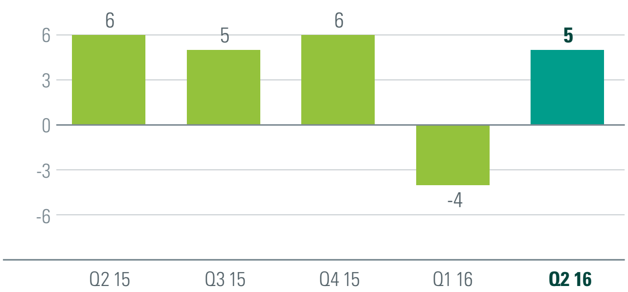
Quarterly development of Gross Domestic Product
(in % q-o-q growth)



Source: Eurostat and CBS

- GDP growth was virtually stable in Q2 (0.6% quarter-on-quarter).
- Gross investment was the main contributor to economic growth; private consumption rose slightly and exports were flat.
- The Dutch economy performed clearly better than the eurozone economy in Q2.

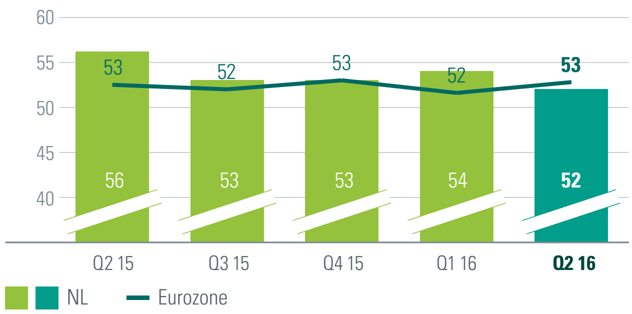
Consumer confidence in the Netherlands
(as % balance of positive and negative answers, end-of-period)



Source: CBS

- Following a dip in Q1, consumer confidence clearly recovered in Q2.
- This was mainly the result of consumers' more favourable assessment of the economic climate.
- The Brexit did not hurt confidence in Q2, but it did relatively modestly in July.

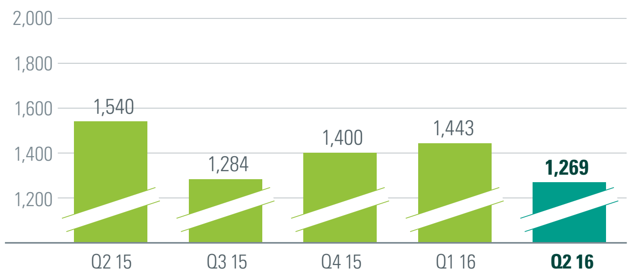
Manufacturing Purchasing Managers' Index
(>50: growth, <50: contraction, end-of-period)



Source: Markit

- The Dutch PMI dropped in the course of Q2.
- But at 52.0 (above the 50 level), the index is still pointing to further growth.
- The assumed adverse effect of the Brexit is expected to hit the index in July at the earliest.

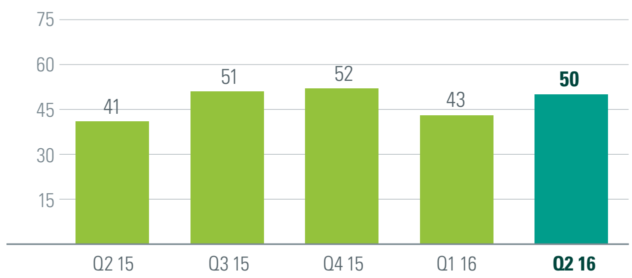
Bankruptcies in the Netherlands
(number of bankruptcies)



Source: CBS

- The number of bankruptcies fell both quarter-on-quarter and year-on-year in Q2.
- As these numbers had increased in the preceding two quarters, the Q2 number was only slightly lower than in Q3 2015. Hence the improvement trend is not as strong as it may appear at first glance.
- Moreover, the bankruptcy number for June rose in comparison with the May figure.

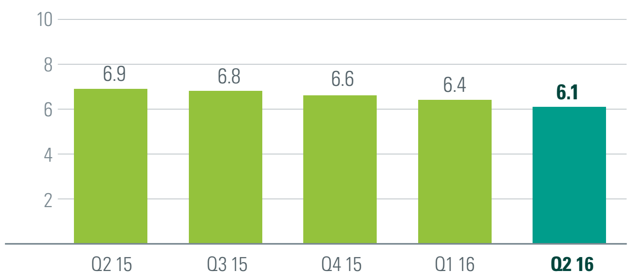
Number of houses sold in the Netherlands
(in thousands)



Source: CBS

- Q2 again saw a strong rise in the number of houses sold: almost 24% year-on-year (in Q1 also +24%).
- The housing market continued to benefit from very low mortgage interest rates.
- House price rises showed a further slight acceleration, to 4.6% year-on-year in June.

Unemployment in the Netherlands
(in % of total labour force, end-of-period)



Source: CBS

- Unemployment continued to decline in Q1, and even more steeply in Q2.
- The steeper decline in Q2 was caused by a stronger rise in the number of employed people, which reflects the economic recovery.
- On balance, more people entered and re-entered the labour market in Q2. This mitigated the decline in unemployment.

Financial results

Financial review

This financial review includes a discussion and analysis of the results and sets out the financial condition of ABN AMRO based on underlying results.

In the second quarter ABN AMRO implemented an amendment to the accounting policy on notional cash pool balances (see for further details note 1 Accounting policies in the Interim Financial Statements). This amendment led to an increase in corporate loans and demand deposits in Corporate Banking and inflates the balance sheet. Following the adjustment of the policy, mitigating actions have been taken to reduce the impact of notional cash pooling products on the balance sheet. As a result, the carrying amount has been reduced significantly and is expected to further decrease towards year-end 2016. As a result of the policy amendment and as required by IFRS, the comparative figures have been adjusted accordingly. The impact was EUR 15.5 billion at 31 December 2015, EUR 17.8 billion at 31 March 2016 and EUR 5.6 billion at 30 June 2016.

To ensure a correct (historical) interpretation on the performance of ABN AMRO, the balance sheet analysis of Loans & receivables - customers and Due to customers specifies the impact of the amended policy. In addition, the net interest margin (NIM), cost of risk (CoR) and loan-to-deposit (LtD) ratios in this section are presented excluding the impact of this policy change on the comparative figures before 30 June 2016 and therefore remain in line with previous disclosed figures.

Introduction | Financial results | Risk, funding & capital information | Interim Financial Statements 2016 | Other

Income statement

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	1,582	1,511	5%	1,545	2%	3,128	3,056	2%
Net fee and commission income	431	456	-6%	435	-1%	866	926	-6%
Other operating income	188	159	19%	-10		178	312	-43%
Operating income	**2,201**	**2,126**	**4%**	**1,971**	**12%**	**4,172**	**4,294**	**-3%**
Personnel expenses	617	615		617		1,234	1,233	
Other expenses	643	632	2%	702	-8%	1,344	1,232	9%
Operating expenses	**1,260**	**1,247**	**1%**	**1,319**	**-5%**	**2,579**	**2,465**	**5%**
Operating result	**941**	**879**	**7%**	**651**	**45%**	**1,593**	**1,828**	**-13%**
Impairment charges on loans and other receivables	54	34	58%	2		56	287	-80%
Operating profit/(loss) before taxation	**887**	**845**	**5%**	**650**	**37%**	**1,537**	**1,542**	
Income tax expense	225	244	-8%	175	29%	400	398	1%
Underlying profit/(loss) for the period	**662**	**600**	**10%**	**475**	**39%**	**1,136**	**1,144**	**-1%**
Special items	-271					-271		
Reported profit/(loss) for the period	**391**	**600**	**-35%**	**475**	**-18%**	**866**	**1,144**	**-24%**
Of which available for AT 1 capital securities (net of tax)	11			11		22		
Of which Non-controlling interests		1		1		1	1	

Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Net interest margin (NIM) (in bps)[1]	152	142	151	152	145
Underlying cost/income ratio	57.2%	58.6%	66.9%	61.8%	57.4%
Underlying cost of risk (in bps)[1,2]	9	5	0	4	21
Underlying return on average Equity[3]	15.1%	15.3%	11.1%	13.1%	14.7%
Underlying earnings per share (in EUR)[4]	0.69	0.64	0.49	1.19	1.22

1 For management view purposes the historical periods before 30 June 2016 have not been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
2 Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.
3 Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.
4 Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

	30 June 2016	31 March 2016	31 December 2015
Client Assets (in billions)	310	308	314
FTEs	21,939	21,999	22,048

Second-quarter 2016 results

ABN AMRO's **Underlying profit for the period** for the second quarter of 2016 amounted to EUR 662 million, an increase of EUR 62 million compared with the second quarter of 2015. Higher operating income (mainly net interest income) was only partly offset by marginally higher expenses and higher, but still limited, loan impairments. Compared with Q1 2016, underlying profit for the period increased by EUR 187 million as especially operating income improved while operating expenses decreased, mainly related to lower regulatory levies. Loan impairments increased compared with the very low Q1 2016 level.

Reported profit for the period amounted to EUR 391 million and included an addition to the provision for SME interest rate derivatives of EUR 361 million gross (EUR 271 million net of tax) on top of the EUR 121 million provision already taken. This provision was taken based on ABN AMRO's decision to adhere to the advice of the committee of independent experts on the reassessment of SME interest rate derivatives. The addition to the provision is recorded in Corporate Banking and is classified as a special item.

The **underlying return on equity (ROE)** was 15.1% in Q2 2016 compared with 15.3% in the same period of 2015. If the regulatory levies in both years had been divided equally over the quarters, ROE would have been 14.1% in Q2 2016 (versus 14.0% in the same period of 2015).

Operating income increased by EUR 75 million to EUR 2,201 million from EUR 2,126 million in Q2 2015. Compared with Q1 2016, operating income showed a significant increase.

Net interest income was EUR 1,582 million in Q2 2016 and increased by EUR 71 million compared with Q2 2015 due to several non-recurring interest provisions in Retail Banking and Group Functions in the second quarter of 2015. Excluding these non-recurring items, NII increased by 1%. Net interest income also increased by EUR 37 million compared with Q1 2016 as margins on assets and liabilities slightly improved.

Net interest income on residential mortgages increased compared with Q2 2015 as margin improvements more than offset the decrease in portfolio volume. The impact of repricing of the mortgage book continued to contribute to higher net interest income, although the repricing effect continued to level off.

Net interest income on consumer loans decreased due to lower average loan volumes and lower margins.

Net interest income on corporate loans increased compared with Q2 2015 due to improved margins, partly offset by lower average volumes especially at Commercial Clients. The average volumes at International Clients increased slightly (including currency impacts).

On the liability side, net interest income increased due to both higher deposit margins and volumes.

Net interest margin (NIM) increased to 152bps in Q2 2016 compared with 142bps in Q2 2015 due to a combination of higher net interest income (including non-recurring interest provisions in Q2 2015) and lower average total assets (excluding the impact of amended notional cash pool balances for historical figures). The NIM showed a slight increase compared with Q1 2016 (151bps).

Net fee and commission income, at EUR 431 million in Q2 2016, was EUR 25 million lower than in Q2 2015. This was related to the continued uncertainty in the financial markets during the second quarter, which negatively impacted Retail Banking and Private Banking in particular.

Other operating income recovered in Q2 2016 from the low results in Q1 2016 and rose by EUR 29 million compared with Q2 2015 to EUR 188 million. The second quarter of 2016 included a profit of EUR 116 million (EUR 101 million at Retail Banking, EUR 14 million at Group Functions) related to the sale of Visa Europe to Visa Inc. ABN AMRO had a small equity stake in Visa Europe. The second quarter of 2016 was also positively impacted by a release of the provision related to the sale of the Swiss private banking activities in 2011 (EUR 21 million) and several positive revaluation results in Commercial Clients.

In addition, the second quarter of 2015 was negatively impacted by the initial provision for SME derivative-related issues of around EUR 40 million.

The abovementioned increases were, however, partly offset by EUR 1 million CVA/DVA/FVA results in the second quarter (compared with EUR 66 million positive in Q2 2015) and EUR 2 million Equity Participations results in the second quarter (versus EUR 18 million in Q2 2015). In addition, hedge accounting-related results (Group Functions) were negative in Q2 2016, as opposed to Q2 2015 when they were very high. Finally, both quarters included provisions in Group Functions related to the part of the Securities financing activities discontinued in 2009, although the addition in Q2 2016 was lower.

The profit related to Visa Europe in Q2 2016 and the negative CVA/DVA/FVA results in Q1 2016 (EUR 49 million negative) were the main drivers of the improvement in other operating income compared with Q1 2016.

Personnel expenses amounted to EUR 617 million in Q2 2016 and were stable compared with Q2 2015.

Other expenses rose by EUR 11 million to EUR 643 million in Q2 2016 from EUR 632 million in Q2 2015. The increase was driven by EUR 12 million regulatory levies recorded in Q2 2016. Higher costs related to continuous improvements to IT processes, products and services were offset by VAT refunds and lower other general expenses. The decrease of other expenses of EUR 59 million compared with Q1 2016 was largely driven by lower regulatory levies.

Regulatory levies in Q2 2016 (EUR 12 million) included an amount of EUR 22 million related to the Deposit Guarantee Scheme (DGS) in 2016, which is recorded on a quarterly basis. This was partly offset by a correction of EUR 14 million for the 2016 Single Resolution Fund (SRF) which was booked in Q1 2016. The correction results from exercising the option in the new legislation to pay the SRF partly in the form of an irrevocable payment commitment (see Note 19 of the Interim Financial Statements for more details). The second quarter also contained several small 2016 SRF charges in foreign entities.

The total amount of regulatory levies expected in 2016 is around EUR 250 million (including a EUR 32 million refund on the 2015 NRF payment and the adjustment of EUR 14 million for the SRF irrevocable payment commitment). In 2015, all regulatory levies, totalling EUR 220 million, were recorded in Q4.

The **operating result** increased by EUR 62 million compared with Q2 2015 and the cost/income ratio decreased by 1.4 percentage points to 57.2%. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 59.5% in Q2 2016 (versus 61.5% in Q2 2015).

Impairment charges on loans and other receivables amounted to EUR 54 million in Q2 2016 compared with EUR 34 million in Q2 2015. The improved economic conditions in the Netherlands again resulted in limited impairment charges. An IBNI release of EUR 49 million was recorded in Q2 2016, while Q2 2015 included an IBNI release of EUR 107 million.

The impairment charges on mortgages over the total mortgage book increased to an addition of 2bps versus a release of 6bps in the same period last year. The difference can be explained mainly by an IBNI release of EUR 28 million recorded in Q2 2015. Corrected for that impairment charges on mortgages were virtually stable.

Impairment charges on corporate loans decreased in Q2 2016 compared with Q2 2015. Commercial Clients saw considerable impairment releases in Q2 2016. In addition, both quarters benefited from a considerable, but comparable, IBNI release. International Clients had higher impairments as the charges in ECT Clients increased to EUR 93 million in Q2 2016 due to the subdued market circumstances in several ECT Clients sectors (EUR 18 million in Q2 2015 and EUR 48 million in Q1 2016).

The **cost of risk** was 9bps in Q2 2016, up from 5bps in Q2 2015. In Q1 2016, the cost of risk was nil.

International results

Operating income from international activities was 20% of overall operating income compared with 18% in Q2 2015 and 21% in Q1 2016. Operating income of international activities in Q2 2015 was negatively impacted by a provision related to the part of the Securities financing activities discontinued in 2009. Operating income from international activities improved compared with Q2 2015 at International Clients and Clearing, but was offset by lower income at international Private Banking activities (both fees and other operating income).

Results for the first six months

ABN AMRO's **Underlying profit for the period** for the first half of 2016 was EUR 1,136 million, which was virtually flat compared with the first half of 2015. Lower operating income (despite higher net interest income) and higher expenses (mainly due to EUR 110 million regulatory levies in H1 2016) were fully offset by lower impairment charges.

Reported profit for the period for the first half of 2016 amounted to EUR 866 million and included an addition to the provision for SMEs with derivative-related issues of EUR 361 million gross (EUR 271 million net of tax).

The underlying **return on equity (ROE)** decreased to 13.1% in the first half of 2016 compared with 14.7% in the same period of 2015. If the regulatory levies in both years had been divided equally over the quarters, ROE would have been 12.8% in the first half of 2016 versus 13.4% in the same period of 2015.

Operating income was EUR 4,172 million and decreased EUR 122 million compared with EUR 4,294 million in the first half of 2015. The increase in net interest income was more than offset by lower net fees and commissions and other operating income.

Net interest income, at EUR 3,128 million in H1 2016, was EUR 72 million higher compared with the same period in 2015. The increase was due to several non-recurring interest provisions in 2015 at both Retail Banking and Group Functions. Higher net interest income from mortgages, corporate loans (mainly margin driven) and deposits (both volumes and margins) was partly offset by increased liquidity costs.

Net fee and commission income, at EUR 866 million in the first half of 2016, was EUR 60 million lower than in the same period of 2015. This was related to the uncertainty and volatility in the financial markets during the first half of 2016, which negatively impacted Retail Banking and Private Banking in particular.

Other operating income, at EUR 178 million in the first half of 2016, was considerably lower than it was in the same period of 2015 (EUR 313 million). The decrease was due largely to lower CVA/DVA/FVA results (EUR 47 million negative in H1 2016 versus EUR 74 million positive in H1 2015). In addition, hedge accounting related-results were also lower in the first half of 2016 as well as Equity Participations results (EUR 2 million in H1 2016 versus EUR 47 million in H1 2015). This was partly offset by a profit of EUR 116 million on ABN AMRO's equity stake in Visa Europe. Both years included a provision related to the part of the Securities financing activities discontinued in 2009 (Group Functions) and provisions for SME derivative-related issues (Corporate Banking), although the level of these provisions was higher in H1 2015.

Personnel expenses were EUR 1,234 million in the first half of 2016 and remained stable compared with H1 2015. A slight increase in overall personnel expenses was compensated by a restructuring provision in the beginning of 2015 and a small decrease in FTEs.

Other expenses increased by EUR 112 million to EUR 1,344 million in the first half of 2016 from EUR 1,232 million in the first half of 2015. The increase was related to EUR 110 million regulatory levies booked in 2016, of which EUR 66 million is related to the Single Resolution Fund (including a EUR 32 million refund on the 2015 payment) and EUR 44 million for an accrual related to the Deposit Guarantee Scheme.

The **operating result** decreased by EUR 235 million compared with the first half 2015 and the cost/income ratio increased by 4.4 percentage points to 61.8%. If the regulatory levies were to be divided equally over the year, the cost/income ratio would be 62.2% in the first half of 2016 (versus 60.3% in the first half 2015).

Impairment charges on loans and other receivables were EUR 56 million in the first half of 2016 versus EUR 287 million in the same period last year. The continued improvement of economic conditions in the Netherlands resulted in lower impairment charges and 2015 included a single large addition. Both years recorded similar significant IBNI releases (EUR 130 million in H1 2016 versus EUR 138 million in H1 2015).

Impairment charges on residential mortgages were limited in the first half of 2016 but higher than H1 2015 due to considerable IBNI releases in the first half of 2015. The cost of risk for mortgages was 5bps in the first half of 2016.

Impairment charges on corporate loans decreased in H1 2016. Impairment charges at Commercial Clients in particular were significantly lower, partly offset by higher impairment charges at International Clients mainly in ECT Clients (EUR 141 million in H1 2016 versus EUR 36 million in H1 2015).

The **cost of risk** was 4bps in the first half of 2016, down from 21bps in the first half of 2015.

Balance sheet

Condensed consolidated statement of financial position

As a result of the amended accounting policy on notional cash pool balances, the comparative balance sheet figures have been adjusted by EUR 15.5 billion at 31 December 2015 and EUR 17.8 billion at 31 March 2016. For more information, please refer to the introductory remark to this section and to note 1 Accounting policies in the Condensed Consolidated Interim Financial Statements.

(in millions)	30 June 2016	31 March 2016	31 December 2015
Cash and balances at central banks	12,773	23,883	26,195
Financial assets held for trading	4,459	3,412	1,706
Derivatives	23,350	23,171	19,138
Financial investments	46,392	42,326	40,542
Securities financing	34,460	33,592	20,062
Loans and receivables - banks	17,152	16,590	15,680
Loans and receivables - customers	271,456	281,482	274,842
Other	8,897	8,488	7,676
Total assets	**418,940**	**432,945**	**405,840**
Financial liabilities held for trading	1,990	1,504	459
Derivatives	27,016	27,294	22,425
Securities financing	23,132	23,076	11,372
Due to banks	12,214	17,488	14,630
Due to customers	240,942	247,709	245,819
Issued debt	76,505	79,383	76,207
Subordinated liabilities	11,214	10,106	9,708
Other	7,968	8,422	7,635
Total liabilities	**400,981**	**414,982**	**388,255**
Equity attributable to the owners of the parent company	16,962	16,965	16,575
Capital securities	993	993	993
Equity attributable to non-controlling interests	5	5	17
Total equity	**17,960**	**17,963**	**17,584**
Total liabilities and equity	**418,940**	**432,945**	**405,840**

Main developments in total assets compared with 31 March 2016

Total assets decreased by EUR 14.0 billion to EUR 418.9 billion at 30 June 2016. Apart from the impact of the new offsetting policy, total assets decreased by EUR 1.8 billion, mainly in cash and balances at central banks, which was partly offset by an increase in financial investments.

Cash and balances at central banks decreased by EUR 11.1 billion to EUR 12.8 billion at 30 June 2016, due mainly to the replacement of cash with financial investments and the full repayment of the TLTRO I of EUR 4.0 billion.

Financial assets held for trading at 30 June 2016 increased by EUR 1.0 billion to EUR 4.5 billion compared with 31 March 2016, due chiefly to an increase in government bonds mainly related to primary dealerships.

Derivative assets went up by EUR 0.2 billion at 30 June 2016 compared with 31 March 2016, mainly reflecting the impact of interest rate movements and partly offset by FX-related movements.

Financial investments increased by EUR 4.1 billion to EUR 46.4 billion at 30 June 2016 compared with 31 March 2016, due mainly to the replacement of cash with financial investments.

Securities financing increased by EUR 0.9 billion to EUR 34.5 billion at 30 June 2016.

Loans and receivables - banks at 30 June 2016 increased by EUR 0.6 billion compared with 31 March 2016.

Loans and receivables - customers

(in millions)	30 June 2016	31 March 2016	31 December 2015
Residential mortgages	146,607	146,631	146,932
Consumer loans	14,679	14,769	15,147
Corporate loans to clients (excluding Notional cash pooling)[1]	80,218	78,777	78,195
Total client loans (excluding Notional cash pooling)[2]	**241,504**	**240,177**	**240,274**
Notional cash pooling	5,648	17,816	15,523
Total client loans[2]	**247,152**	**257,993**	**255,797**
Loans to professional counterparties	13,892	14,175	12,194
Other loans[3]	8,680	7,909	6,356
Total Loans and receivables - customers[2]	**269,724**	**280,078**	**274,347**
Fair value adjustments from hedge accounting	5,702	5,512	4,850
Less: loan impairment allowance	3,970	4,107	4,355
Total Loans and receivables - customers	**271,456**	**281,482**	**274,842**

1 Corporate loans excluding loans to professional counterparties.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.
3 Other loans consist of loans and receivables to government, official institutions and financial markets parties.

Loans and receivables - customers decreased by EUR 10.0 billion compared with 31 March 2016. Excluding the impact of notional cash pooling, client loans on 30 June 2016 increased by EUR 1.3 billion to EUR 241.5 billion.

Residential mortgages remained stable at EUR 146.6 billion compared with 31 March 2016. New mortgage production increased on the back of a further rise in housing transactions and house prices. The market share in new production in Q2 2016 increased to 20%[1]. The increase in new production was offset by gradually increasing contractual repayments and still elevated extra repayments and other redemptions. Contractual repayments increased following the amendment of tax regulations for mortgage coupon deductibility in 2013. Other redemptions remained

1 Source: Dutch Land Registry (Kadaster)

high due to refinancing and relocation. Low interest rates on savings and increased awareness among homeowners of the possibility of residual debt are still incentives for extra repayments.

Corporate loans to clients grew by EUR 1.4 billion to EUR 80.2 billion due mainly to increased ECT Clients loans at Corporate Banking.

Main developments in total liabilities compared with 31 March 2016

Total liabilities decreased by EUR 14.0 billion to EUR 401.0 billion at 30 June 2016. Apart from the impact of the new offsetting policy, total liabilities decreased by EUR 1.8 billion in Due to banks and Issued debt, which was partly offset by an increase in Due to customers.

Financial liabilities held for trading grew by EUR 0.5 billion due to increased short positions in bonds.

Derivative liabilities decreased by EUR 0.3 billion to EUR 27.0 billion at 30 June 2016, mainly reflecting the impact of FX-related movements partly offset by interest rate-related movements.

Securities financing liabilities grew by EUR 0.1 billion compared with 30 June 2016 to EUR 23.1 billion at 30 June 2016.

Due to banks decreased by EUR 5.3 billion mainly as a result of EUR 4.0 billion redeemed TLTRO funding.

Due to customers

(in millions)	30 June 2016	31 March 2016	31 December 2015
Retail Banking	102,662	99,148	98,674
Private Banking	66,566	65,179	66,465
Corporate Banking (excluding Notional cash pooling)	64,192	64,226	62,850
Group Functions	1,874	1,341	2,308
Total Due to customers (excluding Notional cash pooling)	**235,294**	**229,893**	**230,297**
Notional cash pooling	5,648	17,816	15,523
Total Due to customers	**240,942**	**247,709**	**245,819**

Due to customers decreased by EUR 6.8 billion compared with 31 March 2016. Excluding the impact of notional cash pooling, Due to customers on 30 June 2016 increased by EUR 5.4 billion to EUR 235.3 billion. The increase was mainly at Retail Banking as a result of deposited holiday allowances and at Private Banking as securities were converted into cash. The combined market share in retail deposits at Retail Banking and Private Banking in the Netherlands at 30 June 2016 was stable at 21%[1] compared with 31 March 2016.

Issued debt decreased by EUR 2.9 billion to EUR 76.5 billion at 30 June 2016 as the need for wholesale funding decreased.

Total equity remained stable at EUR 18.0 billion at 30 June 2016, as the inclusion of the reported profit for the second quarter was offset by the 2015 final dividend payment.

[1] Source: De Nederlandsche Bank (DNB)

Main developments of total assets and liabilities compared with 31 December 2015

Total assets increased by EUR 13.1 billion to EUR 418.9 billion at 30 June 2016. Excluding the effect of the new offsetting policy, Total assets increased by EUR 23.0 billion. The increase in Securities financing and Financial investments was partly offset by decreased Cash and balances at central banks.

Total liabilities increased by EUR 12.7 billion to EUR 401.0 billion at 30 June 2016. Excluding the effect of the new offsetting policy, Total liabilities increased by EUR 22.6 billion. This was due mainly to higher Securities financing, Due to customers and Derivatives.

Total equity rose by EUR 0.4 billion to EUR 18.0 billion, due mainly to the inclusion of the reported profit for the first half of 2016, partly offset by the final 2015 dividend payment.

Results by segment

The Results by segment section includes a discussion and analysis of the results of the financial condition of ABN AMRO Group at segment level for the second quarter of 2016 compared with the second quarter of 2015. Most of the interest expenses and operating expenses incurred by Group Functions are allocated to the business lines through net interest income and other expenses, respectively.

Retail Banking

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	855	809	6%	830	3%	1,685	1,645	2%
Net fee and commission income	112	130	-14%	113	-1%	225	262	-14%
Other operating income	117	8		3		120	17	
Operating income	**1,084**	**946**	**15%**	**946**	**15%**	**2,029**	**1,924**	**5%**
Personnel expenses	123	121	2%	119	4%	242	246	-2%
Other expenses	413	366	13%	433	-5%	846	734	15%
Operating expenses	**536**	**487**	**10%**	**551**	**-3%**	**1,088**	**980**	**11%**
Operating result	**547**	**459**	**19%**	**394**	**39%**	**942**	**944**	
Impairment charges on loans and other receivables	22	3		26	-15%	48	38	27%
Operating profit/(loss) before taxation	**525**	**456**	**15%**	**369**	**42%**	**894**	**906**	**-1%**
Income tax expense	127	114	11%	93	36%	220	226	-3%
Underlying profit/(loss) for the period	**399**	**342**	**17%**	**276**	**45%**	**674**	**680**	**-1%**
Special items								
Reported profit/(loss) for the period	**399**	**342**	**17%**	**276**	**45%**	**674**	**680**	**-1%**

Operating results

Retail Banking's **underlying profit for the period** amounted to EUR 399 million, an increase of EUR 57 million compared with Q2 2015. This increase was mainly the result of improved operating income (including a one-off book profit) partly offset by higher expenses. Compared with Q1 2016, underlying profit for the period increased by EUR 123 million which was also mainly related to higher operating income.

Net interest income increased by EUR 46 million to EUR 855 million in Q2 2016. In addition to improved interest income on mortgages and deposits, this increase is related to a non-recurring provision in Q2 2015 of around EUR 30 million for inconsistencies in interest calculations between the bank and its business partners with respect to one of the mortgage products. This provision was partly released in Q2 2016.

Margins on residential mortgages improved compared with Q2 2015, due to repricing of the backbook. This was partly offset by lower average residential mortgage loan volumes. The impact of repricing of the mortgage book in recent years continued to contribute to higher net interest income, although the repricing effect continued to level off.

Net interest income on consumer loans decreased due to lower average loan volumes and lower margins.

Net interest income on deposits increased compared with Q2 2015. Both margins and average deposit volumes were higher than in the same period of 2015.

Net fee and commission income decreased by EUR 18 million compared with the same quarter of 2015, partly due to uncertainty in the financial markets.

Other operating income in Q2 2016 was positively impacted by a EUR 101 million profit related to the sale of Visa Europe to Visa Inc. As one of the licence holders, ABN AMRO had a small equity stake in Visa Europe.

Personnel expenses were virtually flat, at EUR 123 million in Q2 2016 compared with EUR 121 million in Q2 2015. An addition to the restructuring provision was partly offset by a lower average number of staff employed in Retail Banking following a further reduction in the number of branches.

Other expenses increased by EUR 47 million in Q2 2016 to EUR 413 million. This was mainly attributable to higher (allocated) project costs, including the Retail Digitalisation programme. Regulatory levies were EUR 17 million in Q2 2016. The decrease in other expenses compared with Q1 2016 was fully attributable to regulatory levies.

Operating result improved by EUR 88 million in Q2 2016 to EUR 547 million. The **cost/income** ratio decreased by 2.0 percentage points to 49.5%. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 51.0% in Q2 2016 (54.4% in Q2 2015).

Impairment charges on loans and other receivables amounted to EUR 22 million in Q2 2016, an increase of EUR 19 million versus Q2 2015. In Q2 2015 there was a considerable IBNI release of EUR 47 million related to both the mortgage and consumer lending portfolio, while Q2 2016 only had a small IBNI release of EUR 4 million. Apart from IBNI releases, net additions in Q2 2016 were lower than in Q2 2015.

The recovery of the Dutch economy and confidence in the housing market further improved in Q2 2016 and contributed to a continuing decrease in the impaired portfolio, although more gradually than in previous quarters, and to ongoing improvement of the credit quality indicators. The impairment charges for mortgages were higher than in Q2 2015, but this was related to the IBNI releases in Q2 2015. Consumer loans also benefited from further improved economic conditions, but this was offset by lower IBNI releases versus Q2 2015.

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Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying cost/income ratio	49.5%	51.5%	58.3%	53.6%	50.9%
Underlying cost of risk (in bps)[1]	6	1	7	6	4

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.

	30 June 2016	31 March 2016	31 December 2015
Loan-to-Deposit ratio	146%	151%	152%
Loans and receivables - customers (in billions)	153.8	153.9	154.2
Due to customers (in billions)	102.7	99.1	98.7
Risk-weighted assets (risk exposure amount; in billions)	33.7	35.2	34.8
FTEs	5,601	5,725	5,844

Loans and receivables - customers decreased by EUR 0.1 billion compared with 31 March 2016 to EUR 153.8 billion. The Retail Banking mortgage portfolio remained flat compared with 31 March 2016. New mortgage production increased on the back of further increasing housing transactions and house prices. The market share in new production in Q2 2016 increased to 20%[1]. The increase in new production was offset by gradually increasing contractual repayments and still elevated other redemptions and extra repayments. Contractual repayments increased following amendments to tax regulations for mortgage coupon deductibility in 2013. Other redemptions remained high due to refinancing and relocation. Low interest rates on savings and increased awareness among homeowners of the possibility of residual debt are still incentives for extra repayments.

Due to customers increased by EUR 3.6 billion compared with 31 March 2016 to EUR 102.7 billion, due mainly to a rise in deposits related to holiday allowances. MoneYou deposits recorded outside the Netherlands showed a modest increase.

Client Assets

(in billions)	30 June 2016	31 March 2016	31 December 2015
Cash	102.7	99.1	98.7
Securities	14.9	15.2	15.6
Total Client Assets	**117.6**	**114.3**	**114.3**

Developments in the first six months of 2016

Retail Banking's **underlying profit for the period** for the first half of 2016, at EUR 674 million, is EUR 6 million lower than the first half of 2015. An increase in operating income was offset by an increase in operating expenses (partly related to regulatory levies).

Net interest income was EUR 1,685 million and increased EUR 40 million compared with the first half of 2015. This improvement can be largely attributed to a non-recurring provision of around EUR 30 million for inconsistencies in interest calculations between the bank and its business partners with respect to one of the mortgage products which was booked in the first half of 2015 and partly released in H1 2016.

[1] Source: Dutch Land Registry (Kadaster)

Margins on residential mortgages continued to improve in the first half of 2016, due to repricing of the residential mortgage backbook. This was partly offset by lower average residential mortgage loan volumes. Interest income on consumer loans decreased due to both lower average volumes and margins. Net interest income on deposits showed an increase compared with the first half of 2015 as margins and average savings volumes grew.

Net fee and commission income decreased by EUR 37 million compared with the same period of 2015, partly due to the uncertainty and volatility in the financial markets in the first six months of 2016.

Other operating income amounted to EUR 120 million and included the profit (EUR 101 million) related to the sale of Visa Europe to Visa Inc.

Personnel expenses were EUR 242 million and declined by EUR 4 million compared with the first half of 2015. The decline was due mainly to a lower average number of staff employed in Retail Banking following a further reduction in the number of branches.

Other expenses went up EUR 112 million in the first half of 2016. The **regulatory levies** in H1 2016 were EUR 54 million. Excluding the regulatory levies, other expenses increased by EUR 58 million. This was mainly attributable to higher (allocated) project costs, including the Retail Digitalisation programme.

Operating result was virtually flat at EUR 942 million in the first half of 2016. The cost/income ratio increased by 2.7 percentage points to 53.6%. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 54.2% in H1 2016 (53.8% in H1 2015).

Impairment charges on loans and other receivables were EUR 48 million in the first half of 2016, versus EUR 38 million in the first half of 2015. Both periods included IBNI releases, although these were much lower in H1 2016 (EUR 27 million) compared with H1 2015 (EUR 69 million).

The recovery of the Dutch economy and confidence in the housing market further improved in the first half of 2016 and were reflected in lower impairment charges for mortgages (excluding IBNI releases). Consumer loans also benefited from further improved economic conditions, leading to lower loan impairments with slightly higher IBNI releases.

Private Banking

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	160	141	14%	158	1%	318	293	8%
Net fee and commission income	143	163	-12%	144	-1%	287	322	-11%
Other operating income	39	33	18%	17	132%	55	63	-12%
Operating income	**341**	**336**	**1%**	**318**	**7%**	**660**	**678**	**-3%**
Personnel expenses	123	127	-3%	126	-2%	249	249	
Other expenses	144	131	10%	134	8%	278	253	10%
Operating expenses	**267**	**257**	**4%**	**260**	**3%**	**527**	**501**	**5%**
Operating result	**74**	**79**	**-6%**	**59**	**26%**	**132**	**176**	**-25%**
Impairment charges on loans and other receivables	7	-6		5	53%	12	-15	
Operating profit/(loss) before taxation	**66**	**85**	**-22%**	**54**	**24%**	**120**	**191**	**-37%**
Income tax expense	14	13	7%	10	35%	24	32	-24%
Underlying profit/(loss) for the period	**53**	**72**	**-27%**	**43**	**21%**	**96**	**159**	**-40%**
Special items								
Reported profit/(loss) for the period	**53**	**72**	**-27%**	**43**	**21%**	**96**	**159**	**-40%**

Private Banking's **underlying profit for the period** was EUR 53 million in Q2 2016 and decreased EUR 19 million compared with the second quarter of 2015. The decrease was due to higher expenses (partly related to regulatory charges) and higher loan impairments. Underlying profit for the period improved by EUR 10 million compared with Q1 2016, due mainly to a release of the provision related to the sale of the Swiss private banking activities in 2011.

Net interest income increased to EUR 160 million in Q2 2016, up EUR 19 million compared with Q2 2015. This was mainly due to increased margins on deposits, partly offset by lower average volumes.

Net fee and commission income decreased by EUR 20 million to EUR 143 million in Q2 2016 compared with the same quarter of the previous year. Uncertainty and volatility in the financial markets in H1 2016 had a negative impact on the stock markets, leading to a decline in average client assets and lower transaction volumes versus Q2 2015.

Other operating income in Q2 2016 was EUR 6 million higher than in the same period in 2015. Although trading income declined compared with Q2 2015, this was more than offset by a release of the provision related to the sale of the Swiss private banking activities in 2011 (EUR 21 million).

Personnel expenses decreased by EUR 4 million compared with Q2 2015 to EUR 123 million.

Other expenses were EUR 13 million higher compared with Q2 2015, due mainly to higher (allocated) project costs and 2016 Single Resolution Fund (SRF) charges in several foreign entities. Other expenses increased by EUR 10 million compared with Q1 2016 as project costs in the international activities increased in the second quarter.

Operating result decreased by EUR 5 million to EUR 74 million in Q2 2016 compared with EUR 79 million in Q2 2015.

The **cost/income ratio** for Private Banking came to 78.3% in Q2 2016, an increase of 1.8 percentage points compared with Q2 2015. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 78.7%, compared with 77.8% in Q2 2015.

Impairment charges on loans and other receivables increased to an addition of EUR 7 million, compared with a release of EUR 6 million (mainly IBNI) in Q2 2015.

Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying cost/income ratio	78.3%	76.5%	81.6%	79.9%	74.0%
Underlying cost of risk (in bps)[1]	19	-14	11	15	-17
Gross margin on client assets (in bps)	70	64	66	68	66

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.

	30 June 2016	31 March 2016	31 December 2015
Loan-to-Deposit ratio	24%	25%	25%
Loans and receivables - customers (in billions)	16.0	16.0	16.6
Due to customers (in billions)	66.6	65.2	66.5
Risk-weighted assets (risk exposure amount; in billions)	8.3	8.3	8.2
FTEs	3,800	3,763	3,722

Loans and receivables - customers remained stable at EUR 16.0 billion compared with 31 March 2016.

Due to customers increased by EUR 1.4 billion to EUR 66.6 billion compared with 31 March 2016, due partly to the conversion of securities into cash.

Client Assets

(in billions)	Q2 2016	Q1 2016	Q4 2015
Opening balance Client Assets	**193.7**	**199.2**	**191.3**
Net new assets	0.2	-1.1	-0.4
Market performance	-1.0	-4.5	8.3
Closing balance Client Assets	**192.8**	**193.7**	**199.2**
	30 June 2016	31 March 2016	31 December 2015
Breakdown by type			
Cash	66.7	65.3	66.5
Securities	126.0	128.4	132.8
- of which Custody	30.7	31.6	35.0
Total	**192.8**	**193.7**	**199.2**
Breakdown by geography			
The Netherlands	48%	47%	48%
Rest of Europe	44%	44%	44%
Rest of the world	8%	8%	8%

Client assets declined to EUR 192.8 billion at 30 June 2016 compared with EUR 193.7 billion at 31 March 2016. This was due to a negative market performance in Q2 2016.

Net new assets (NNA) in Q2 2016 was EUR 0.2 billion spread over the domestic and international activities. The impact of transfers of Retail Banking clients and referrals from Corporate Banking to Private Banking was limited this quarter.

Developments in the first six months of 2016

Private Banking's **underlying profit for the period** decreased to EUR 96 million in the first half of 2016, down by EUR 63 million compared with the very good first half of 2015. The decrease was due to a combination of lower operating income, higher regulatory expenses and loan impairment additions instead of releases.

Net interest income went up to EUR 318 million in H1 2016, an improvement of EUR 25 million compared with H1 2015. Margins on deposits in particular improved, while average asset volumes decreased.

Net fee and commission income decreased significantly to EUR 287 million in the first half of 2016, a decline of EUR 35 million compared with the same period of the previous year. Uncertainty and volatility in the financial markets in H1 2016 had a negative impact on the stock markets, leading to a decline in average client assets and lower transaction volumes.

Other operating income in H1 2016 was EUR 8 million lower, due mainly to lower trading income.
The release of the provision related to the sale of the Swiss private banking activities in 2011 was partly offset by the sale of premises in the first half of 2015.

Personnel expenses remained unchanged at EUR 249 million in H1 2016 compared with H1 2015.

Other expenses increased by EUR 25 million compared with H1 2015, which was partly related to regulatory levies (EUR 8 million) and higher (allocated) project costs.

Operating result decreased by EUR 44 million to EUR 132 million in H1 2016 compared with the first half of 2015. The cost/income ratio for Private Banking amounted to 79.9% in H1 2016, an increase of 5.9 percentage points compared with H1 2015. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 80.0% compared with 75.2% in H1 2015.

Impairment charges on loans and other receivables increased to an addition of EUR 12 million compared with a release of EUR 15 million (mainly IBNI) in the first half of 2015.

Corporate Banking

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	556	543	2%	548	2%	1,104	1,081	2%
Net fee and commission income	191	186	3%	190	1%	381	378	1%
Other operating income	68	91	-25%	-29		39	164	-76%
Operating income	**816**	**820**	**-1%**	**708**	**15%**	**1,524**	**1,623**	**-6%**
Personnel expenses	163	163		162		325	344	-6%
Other expenses	282	289	-2%	336	-16%	618	563	10%
Operating expenses	**445**	**452**	**-2%**	**498**	**-11%**	**942**	**907**	**4%**
Operating result	**371**	**369**	**1%**	**211**	**76%**	**582**	**716**	**-19%**
Impairment charges on loans and other receivables	28	40	-30%	-26		2	268	-99%
Operating profit/(loss) before taxation	**344**	**329**	**4%**	**237**	**45%**	**580**	**448**	**30%**
Income tax expense	81	80	1%	63	27%	144	94	54%
Underlying profit/(loss) for the period	**263**	**249**	**6%**	**173**	**52%**	**436**	**354**	**23%**
Special items	-271					-271		
Reported profit/(loss) for the period	**-8**	**249**		**173**		**165**	**354**	**-53%**

Corporate Banking's **underlying profit for the period** in Q2 2016 amounted to EUR 263 million and went up by EUR 14 million compared with Q2 2015. This was due mainly to lower impairment charges. Compared with Q1 2016, underlying profit for the period showed a sharp improvement due mainly to a strong increase in other operating income (partly CVA/DVA/FVA results).

Reported profit for the period in Q2 2016 was EUR 8 million negative and included an addition to the provision for SMEs with derivative-related issues of EUR 361 million gross (EUR 271 million net of tax) on top of the EUR 121 million provision already taken. This provision was taken based on ABN AMRO's decision to adhere to the advice of the committee of independent experts on the reassessment of SME interest rate derivatives. The addition to the provision is classified as a special item.

Net interest income showed a modest increase to EUR 556 million in Q2 2016 compared with EUR 543 million in Q2 2015. Both Commercial Clients and Capital Markets Solutions showed growth, while International Clients decreased.

Net interest income at Commercial Clients was EUR 335 million in Q2 2016 and increased by EUR 8 million compared with Q2 2015. Margins on loans and deposits improved and average deposit volumes increased, while average loan volumes decreased compared with the same quarter in 2015.

Net interest income at International Clients decreased by EUR 7 million compared with Q2 2015, coming to EUR 177 million, but remained stable compared with Q1 2016.

Net interest income in Capital Markets Solutions increased by EUR 11 million to EUR 44 million in Q2 2016, due mainly to improved net interest income at Sales & Trading.

Net fee and commission income increased to EUR 191 million, up by EUR 5 million compared with Q2 2015. All business lines showed modest growth compared with the same period of 2015. Net fees and commission income remained stable compared with Q1 2016.

Other operating income decreased to EUR 68 million in Q2 2016 versus EUR 91 million in Q2 2015. The decrease was caused by limited results for both CVA/DVA/FVA (EUR 1 million versus EUR 51 million positive in Q2 2015) and for Equity Participations at International Clients (EUR 2 million versus EUR 18 million in Q2 2015) and lower results from Sales & Trading activities. This was partly offset by positive revaluations results at Commercial Clients in Q2 2016 and the initial provision of EUR 40 million in Q2 2015 at Capital Markets Solutions for SME derivative-related issues.

The strong increase in other operating income of EUR 97 million compared with Q1 2016 is partly related to CVA/DVA/FVA results (EUR 49 million negative in Q1 2016) and revaluation gains on the equity stakes recorded in Q2 2016.

Personnel expenses remained stable at EUR 163 million in Q2 2016 versus the same period of 2015. The number of FTEs remained stable compared with Q2 2015.

Other expenses went down by EUR 7 million compared with Q2 2015 to EUR 282 million, driven by a EUR 8 million adjustment for the Single Resolution Fund which was booked in Q1 (irrevocable payment commitment). Excluding this adjustment, operating expenses remained stable across all business lines.

The decrease of EUR 53 million compared with Q1 2016 was largely driven by the regulatory levies in Q1 2016 (EUR 50 million).

Operating result was EUR 371 million in Q2 2016 and stable compared with the same period of 2015. **The cost/income ratio** improved to 54.5% in Q2 2016 from 55.1% in Q2 2015. If the regulatory levies were divided equally over the four quarters, the cost/income ratio would be 58.4% in Q2 2016 (59.0% in Q2 2015).

Impairment charges on loans and other receivables decreased by EUR 12 million to EUR 28 million in Q2 2016.

Impairment charges in Commercial Clients were EUR 108 million lower and amounted to a release of EUR 64 million in Q2 2016. The decline was the result of higher specific releases on the impaired portfolio as the IBNI release in Q2 2016 of EUR 48 million was almost in line with the IBNI release in Q2 2015.

Loan impairments in International Clients were EUR 93 million, which was significantly higher than both Q2 2015 and Q1 2016. The impairment charges for ECT amounted to EUR 93 million compared with EUR 18 million in the same period of 2015 and EUR 48 million in Q1 2016.

Loan impairments in Capital Markets Solutions amounted to zero.

Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying cost/income ratio	54.5%	55.1%	70.2%	61.8%	55.9%
Underlying cost of risk (in bps)[1,2]	13	18	-12	0	59

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.
[2] For management view purposes the historical periods before 30 June 2016 have not been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).

	30 June 2016	31 March 2016	31 December 2015
Loan-to-Deposit ratio[1]	124%	123%	121%
Total client loans (excluding Notional cash pooling, in billions)	70.7	69.3	68.3
Due to customers (excluding Notional cash pooling, in billions)	64.2	64.2	62.9
Risk-weighted assets (risk exposure amount; in billions)	54.2	52.9	55.1
FTEs	5,035	4,995	4,959

[1] For management view purposes the historical periods before 30 June 2016 have not been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).

Loans and receivables - customers increased to EUR 93.0 billion at 30 June 2016 compared with EUR 85.3 billion at 31 March 2016. The increase was driven mainly by the new offsetting policy on notional cash pool balances (impact of EUR 5.6 billion divided over Commercial Clients (EUR 3.5 billion) and International Clients (EUR 2.1 billion)). Loans and receivables - customers also increased in International Clients / ECT Clients.

Due to customers amounted to EUR 69.8 billion at 30 June 2016, up EUR 5.6 billion compared with 31 March 2016. Corrected for the EUR 5.6 billion notional cash pool balances, due to customers remained flat.

Developments in the first six months of 2016

Corporate Banking's **underlying profit for the period** was EUR 436 million in the first half of 2016 and was EUR 82 million higher compared with the same period previous year. This was due mainly to almost nil impairment charges in H1 2016. Operating income decreased (mainly related to negative CVA / DVA / FVA results) and operating expenses increased (driven by regulatory levies) versus H1 2015.

Reported profit for the period for the first half of 2016 amounted to EUR 165 million and included an addition to the provision for SMEs with derivative-related issues of EUR 361 million gross (EUR 271 million net of tax; classified as special item).

Net interest income increased modestly by EUR 23 million to EUR 1,104 million in H1 2016 compared with H1 2015. Both Commercial Clients and Capital Markets Solutions showed growth, while International Clients decreased.

Net interest income at Commercial Clients increased by EUR 12 million to EUR 672 million in the first half of 2016. Margins on loans and deposits and average deposit volumes increased, while average loan volumes decreased compared with the same period in 2015.

Net interest income at International Clients declined by EUR 8 million compared with H1 2015, coming to EUR 353 million.

Net interest income in Capital Markets Solutions increased by EUR 18 million to EUR 78 million in H1 2016, due mainly to improved net interest income at Sales & Trading.

Net fee and commission income amounted to EUR 381 million and remained nearly flat compared with the first half of 2015.

Other operating income declined by EUR 125 million to EUR 39 million in the first half of 2016. The decrease was mainly driven by negative CVA/DVA/FVA results (EUR 47 million negative in H1 2016 versus EUR 41 million positive in H1 2015), limited revaluation results of Equity Participations at International Clients (EUR 2 million in H1 2016 versus EUR 47 million in H1 2015) and lower results from Sales & Trading activities. This was partly offset by the lower addition in 2016 to the provision for SME derivative-related issues and positive revaluations of equity stakes at Commercial Clients in H1 2016.

Personnel expenses decreased to EUR 325 million in H1 2016, down by EUR 19 million compared with the same period of 2015. This was due mainly to a restructuring provision at Commercial Clients in Q1 2015. The number of FTEs remained fairly stable compared with H1 2015.

Other expenses increased by EUR 55 million compared with the first half of 2015, due mainly to the regulatory levies of EUR 43 million. The remainder of the increase was related to higher (allocated) project costs.

Operating result was EUR 582 million in the first half of 2016, down EUR 134 million compared with the same period in 2015. The cost/income ratio increased to 61.8% in H1 2016, from 55.9% in H1 2015. If the regulatory levies were divided equally over the four quarters, the cost/income ratio would be 62.2% in H1 2016 (59.8% in H1 2015).

Impairment charges on loans and other receivables were only EUR 2 million, compared with an addition of EUR 268 million in the first half of 2015.

Impairment charges at Commercial Clients decreased by EUR 350 million to a release of EUR 123 million in the first half of 2016. The decline was the result of higher impairment releases and an IBNI release of EUR 109 million in H1 2016, which is more than double the IBNI release in H1 2015. Moreover, Q1 2015 included a single large addition of approximately EUR 100 million.

Loan impairments in International Clients were EUR 126 million, which is significantly higher than H1 2015 (up EUR 96 million). Impairment charges for ECT in particular increased to EUR 141 million compared with EUR 36 million in the same period of 2015.

Loan impairments in Capital Markets Solutions amounted to almost zero.

Corporate Banking - Commercial Clients

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	335	327	3%	337	-1%	672	660	2%
Net fee and commission income	51	50	1%	50		101	103	-2%
Other operating income	29	7		6		34	15	123%
Operating income	**414**	**383**	**8%**	**393**	**5%**	**808**	**778**	**4%**
Operating expenses	**200**	**202**	**-1%**	**222**	**-10%**	**421**	**412**	**2%**
Operating result	**214**	**181**	**19%**	**172**	**25%**	**386**	**367**	**5%**
Impairment charges on loans and other receivables	-64	44		-58	-10%	-123	227	
Operating profit/(loss) before taxation	**279**	**136**	**105%**	**230**	**21%**	**509**	**139**	
Income tax expense	69	34	105%	57	21%	127	34	
Underlying profit/(loss) for the period	**209**	**102**	**104%**	**173**	**21%**	**382**	**105**	
Special items	-8					-8		
Reported profit/(loss) for the period	**202**	**102**	**97%**	**173**	**17%**	**374**	**105**	

Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying cost/income ratio	48.3%	52.8%	56.3%	52.2%	52.9%
Underlying cost of risk (in bps)[1,2]	-67	44	-62	-65	112

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.
[2] For management view purposes the historical periods before 30 June 2016 have not been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).

	30 June 2016	31 March 2016	31 December 2015
Total client loans (excluding Notional cash pooling, in billions)	37.4	36.9	37.0
Due to customers (excluding Notional cash pooling, in billions)[1]	35.1	35.6	34.8
Risk-weighted assets (risk exposure amount; in billions)	21.0	21.1	21.5

[1] Due to Customers included an internal transfer of deposits from Commercial Clients to Capital Markets Solutions (mainly Q1).

Corporate Banking - International Clients

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	177	184	-4%	176		353	361	-2%
Net fee and commission income	52	51	3%	56	-6%	108	112	-4%
Other operating income	-3	21		5		2	53	-95%
Operating income	**227**	**256**	**-11%**	**237**	**-4%**	**464**	**526**	**-12%**
Operating expenses	**115**	**117**	**-2%**	**131**	**-12%**	**247**	**245**	**1%**
Operating result	**111**	**139**	**-20%**	**106**	**5%**	**217**	**281**	**-23%**
Impairment charges on loans and other receivables	93	-4		33		126	30	
Operating profit/(loss) before taxation	**18**	**143**	**-87%**	**73**	**-75%**	**92**	**251**	**-64%**
Income tax expense	-1	30		20		19	42	-55%
Underlying profit/(loss) for the period	**20**	**112**	**-83%**	**53**	**-63%**	**73**	**210**	**-65%**
Special items								
Reported profit/(loss) for the period	**20**	**112**	**-83%**	**53**	**-63%**	**73**	**210**	**-65%**

Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying cost/income ratio	50.9%	45.8%	55.3%	53.2%	46.5%
Underlying cost of risk (in bps)[1,2]	108	-3	38	74	18

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.
[2] For management view purposes the historical periods before 30 June 2016 have not been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements)

	30 June 2016	31 March 2016	31 December 2015
Total client loans (excluding Notional cash pooling, in billions)	33.3	32.4	31.3
Due to customers (excluding Notional cash pooling, in billions)[1]	16.6	16.6	19.0
Risk-weighted assets (risk exposure amount; in billions)	22.5	22.2	22.6

[1] Due to Customers included an internal transfer of deposits from International Clients to Capital Markets Solutions (mainly Q1).

Corporate Banking - Capital Markets Solutions

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	44	33	34%	34	29%	78	60	30%
Net fee and commission income	89	86	3%	83	6%	172	163	6%
Other operating income	42	63	-33%	-40		3	96	-97%
Operating income	**175**	**182**	**-4%**	**78**	**125%**	**253**	**319**	**-21%**
Operating expenses	**129**	**132**	**-2%**	**145**	**-11%**	**274**	**251**	**9%**
Operating result	**46**	**50**	**-8%**	**-67**		**-21**	**69**	
Impairment charges on loans and other receivables	-1	-1	-68%			-1	11	
Operating profit/(loss) before taxation	**47**	**51**	**-7%**	**-67**		**-20**	**58**	
Income tax expense	13	16	-17%	-14		-1	19	
Underlying profit/(loss) for the period	**34**	**35**	**-2%**	**-53**		**-19**	**39**	
Special items	-263					-263		
Reported profit/(loss) for the period	**-229**	**35**		**-53**		**-282**	**39**	

Other indicators

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying cost/income ratio	73.8%	72.6%	185.5%	108.3%	78.5%
Underlying cost of risk (in bps)[1]	-2	-2	-2	-2	14

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.

	30 June 2016	31 March 2016	31 December 2015
Financial assets held for trading (in billions)	4.5	3.4	1.7
Loans and receivables - customers (in billions)	16.7	16.8	13.1
Financial liabilities held for trading (in billions)	2.0	1.5	0.5
Due to customers (in billions)[1]	12.5	12.0	9.1
Risk-weighted assets (risk exposure amount; in billions)	10.7	9.6	11.0

[1] Due to Customers included an internal transfer of both Commercial Clients and International Clients to Capital Markets Solutions (mainly Q1).

Group Functions

Operating results

(in millions)	Q2 2016	Q2 2015	Change	Q1 2016	Change	First half 2016	First half 2015	Change
Net interest income	12	18	-36%	10	19%	22	37	-41%
Net fee and commission income	-16	-23	32%	-11	-46%	-27	-37	28%
Other operating income	-36	28		-1		-37	69	
Operating income	**-40**	**23**		**-2**		**-41**	**69**	
Personnel expenses	208	204	2%	211	-1%	419	394	6%
Other expenses	-197	-154	-28%	-200	2%	-397	-317	-25%
Operating expenses	**11**	**50**	**-78%**	**11**	**5%**	**22**	**77**	**-71%**
Operating result	**-51**	**-28**	**-84%**	**-12**		**-63**	**-8**	
Impairment charges on loans and other receivables	-3	-2	-29%	-3	20%	-6	-4	-33%
Operating profit before taxation	**-48**	**-26**	**-89%**	**-9**		**-58**	**-3**	
Income tax expense	4	37	-89%	8	-50%	12	46	-73%
Underlying profit/(loss) for the period	**-52**	**-63**	**16%**	**-18**		**-70**	**-49**	**-42%**
Special items								
Reported profit/(loss) for the period	**-52**	**-63**	**16%**	**-18**		**-70**	**-49**	**-42%**

Group Functions' **underlying profit for the period** was a loss of EUR 52 million in the second quarter of 2016 versus a loss of EUR 63 million in the same period of 2015.

Net interest income was EUR 12 million in Q2 2016 compared with EUR 18 million in Q2 2015. The decrease in net interest income was partly due to higher liquidity costs.

Net fee and commission income was EUR 16 million negative, which was EUR 7 million higher compared with Q2 2015. This increase was driven by lower fees paid to Capital Markets Solutions related to Securities Financing results.

Other operating income was EUR 36 million negative and decreased by EUR 63 million compared with Q2 2015. This was mainly the result of significantly lower hedge accounting-related results and no CVA/DVA results in 2016 (versus EUR 15 million positive CVA/DVA results in Q2 2015). Both periods included provisions related to the part of the Securities Financing activities discontinued in 2009, but the impact in Q2 2016 was lower than in Q2 2015. This provision in Q2 2016 was also an important driver for the decrease in other operating income versus Q1 2016. Finally, the completion of the sale of Visa Europe to Visa Inc. resulted in a profit of EUR 14 million in Q2 2016.

Personnel expenses went up by EUR 4 million to EUR 208 million in the second quarter of 2016. This was due mainly to a small increase in the average number of FTEs versus Q2 2015.

Other expenses decreased by EUR 43 million compared with the same period in 2015. Group Functions had higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes. This was, however, more than offset by the fact that more operating expenses were allocated to the commercial segments (recorded as negative expenses).

Other indicators

	30 June 2016	31 March 2016	31 December 2015
Securities financing - assets	27.1	26.7	15.5
Loans and receivables - customers (in billions)	8.7	8.5	7.9
Securities financing - liabilities	20.8	21.2	10.2
Due to customers (in billions)	1.9	1.3	2.3
Risk-weighted assets (risk exposure amount; in billions)	10.0	10.6	9.9
FTEs	7,503	7,515	7,522

Securities financing assets grew by EUR 0.4 billion and **Securities financing liabilities** decreased by EUR 0.4 billion compared with 31 March 2016.

Loans and receivable - customers increased by EUR 0.2 billion to EUR 8.7 billion at 30 June 2016.

Developments in the first six months of 2016

Group Functions' **underlying profit for the period** was a loss of EUR 70 million in the first half of 2016 compared with a loss of EUR 49 million in the same period of 2015.

Net interest income declined to EUR 22 million in the first half of 2016 compared with EUR 37 million in H1 2015. The decrease was partly due to higher liquidity costs.

Net fee and commission income improved by EUR 10 million as lower fees were paid to Capital Markets Solutions related to Securities Financing results.

Other operating income was EUR 37 million negative in the first half of 2016 and was EUR 106 million lower than in H1 2015. This was mainly the result of significantly lower hedge accounting-related results and no CVA/DVA results in 2016 (versus EUR 33 million positive CVA/DVA results in H1 2015). Both years included provisions related to the part of the Securities Financing activities discontinued in 2009 but the impact was lower in 2016 than in 2015.

Personnel expenses increased by EUR 25 million to EUR 419 million in the first half of 2016. This was due mainly to several smaller releases from personnel provisions in H1 2015. The average number of FTEs increased slightly.

Other expenses decreased by EUR 80 million compared with the same period in 2015. Group Functions had higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes. This was, however, more than offset by the fact that more operating expenses were allocated to the commercial segments (recorded as negative expenses).

Securities financing assets and **liabilities** increased by EUR 11.6 billion and EUR 10.6 billion respectively compared with 31 December 2015. This was related to the cyclicality of the business.

Additional financial information

Overview of results in the last five quarters

The following table provides an overview of the quarterly results.

(in millions)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net interest income	1,582	1,545	1,497	1,524	1,511
Net fee and commission income	431	435	454	449	456
Other operating income	188	-10	101	136	159
Operating income	**2,201**	**1,971**	**2,052**	**2,109**	**2,126**
Personnel expenses	617	617	640	619	615
Other expenses	643	702	889	615	632
Operating expenses	**1,260**	**1,319**	**1,528**	**1,234**	**1,247**
Operating result	**941**	**651**	**524**	**875**	**879**
Impairment charges on loans and other receivables	54	2	124	94	34
Operating profit/(loss) before taxation	**887**	**650**	**399**	**781**	**845**
Income tax expense	225	175	128	272	244
Underlying profit/(loss) for the period	**662**	**475**	**272**	**509**	**600**
Special items	-271				
Reported profit/(loss) for the period	**391**	**475**	**272**	**509**	**600**

To provide a better understanding of the underlying results, ABN AMRO adjusts reported results for defined special items and material divestments.

Special items are material and non-recurring items which are not related to normal business activities.

In Q2 2016, the addition to the provision for SMEs with derivative-related issues of EUR 361 million gross (EUR 271 million net of tax) was classified as a special item. This provision was taken based on ABN AMRO's decision to adhere to the advice of the committee of independent experts on the reassessment of SME interest rate derivatives. The increase in the provision is classified as a special item.

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Reconciliation from underlying to reported results

(in millions)	Q2 2016 Underlying	Q2 2016 Special items	Q2 2016 Reported	Q2 2015 Underlying	Q2 2015 Special items	Q2 2015 Reported	Q1 2016 Underlying	Q1 2016 Special items	Q1 2016 Reported
Net interest income	1,582	-10	1,572	1,511		1,511	1,545		1,545
Net fee and commission income	431		431	456		456	435		435
Other operating income	188	-351	-163	159		159	-10		-10
Operating income	**2,201**	**-361**	**1,840**	**2,126**		**2,126**	**1,971**		**1,971**
Personnel expenses	617		617	615		615	617		617
Other expenses	643		643	632		632	702		702
Operating expenses	**1,260**		**1,260**	**1,247**		**1,247**	**1,319**		**1,319**
Operating result	**941**	**-361**	**581**	**879**		**879**	**651**		**651**
Impairment charges on loans and other receivables	54		54	34		34	2		2
Operating profit/(loss) before taxation	**887**	**-361**	**526**	**845**		**845**	**650**		**650**
Income tax expense	225	-90	135	244		244	175		175
Profit/(loss) for the period	**662**	**-271**	**391**	**600**		**600**	**475**		**475**

(in millions)	First half 2016 Underlying	First half 2016 Special items	First half 2016 Reported	First half 2015 Underlying	First half 2015 Special items	First half 2015 Reported
Net interest income	3,128	-10	3,118	3,056		3,056
Net fee and commission income	866		866	926		926
Other operating income	178	-351	-173	312		312
Operating income	**4,172**	**-361**	**3,811**	**4,294**		**4,294**
Personnel expenses	1,234		1,234	1,233		1,233
Other expenses	1,344		1,344	1,232		1,232
Operating expenses	**2,579**		**2,579**	**2,465**		**2,465**
Operating result	**1,593**	**-361**	**1,232**	**1,828**		**1,828**
Impairment charges on loans and other receivables	56		56	287		287
Operating profit/(loss) before taxation	**1,537**	**-361**	**1,176**	**1,542**		**1,542**
Income tax expense	400	-90	310	398		398
Profit/(loss) for the period	**1,136**	**-271**	**866**	**1,144**		**1,144**

Special items

(in millions)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Operating income						
SME derivatives	-361					
Total impact on Operating Income	**-361**					
Operating expenses						
Total impact on Operating expenses						
Loan impairments						
Total impact on Loan impairments						
Total impact on Income tax expense	**-90**					
Total impact on result for the period	**-271**					

Risk, funding & capital information

Certain IFRS disclosures in the Risk, funding & capital information section are labelled as 'Reviewed' in the respective headings.
These disclosures are an integral part of the Condensed Consolidated Interim Financial Statements and are covered by the Review opinion.

Key developments

Key figures

(in millions)	30 June 2016	31 March 2016	31 December 2015
Total loans and receivables - customers, gross excluding Fair value adjustments	269,724	280,078	274,347
Of which Residential mortgages	146,607	146,631	146,932
Of which Consumer loans	14,679	14,769	15,147
Of which Corporate loans	93,501	105,127	100,387
Of which Other loans and receivables - customers	14,936	13,550	11,881
Total Exposure at Default (EAD)	368,267	373,273	369,169
Total RWA (REA)/total EAD	28.8%	28.7%	29.3%
Regulatory capital			
Total RWA (REA)	106,137	107,025	108,001
Of which Credit risk[1]	85,596	86,727	86,063
Of which Operational risk	17,003	17,003	16,227
Of which Market risk	3,539	3,295	5,710
Fully-loaded CET1 ratio	16.2%	15.8%	15.5%
Fully-loaded leverage ratio	3.7%	3.7%	3.8%
Credit quality indicators			
Forbearance ratio[2]	3.8%	3.6%	3.8%
Past due ratio[2]	1.6%	2.3%	2.7%
Impaired ratio[2]	2.7%	2.5%	2.7%
Coverage ratio[2]	50.8%	53.3%	53.0%
Liquidity and funding indicators			
Loan-to-Deposit ratio	107.7%	109.0%	108.4%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%

1 RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2016 is EUR 1.2 bln (31 March 2016 EUR 1.2 billion; 31 December 2015 EUR 1.1 billion).
2 Loans and receivables - customers only.

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying Cost of risk (in bps)[1]	8	5	0	4	19

1 Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.

Change in accounting policies

In the second quarter of 2016, ABN AMRO implemented an amendment to its offsetting policy on notional cash pool balances (further details are provided in note 1 Accounting policies in the Interim Financial Statements).

As a result of the amended offsetting policy and as required by IFRS, the comparative figures have been adjusted accordingly. The impact was EUR 15.5 billion at 31 December 2015, EUR 17.8 billion at 31 March 2016 and EUR 5.6 billion at 30 June 2016.

This amendment led to an increase in the corporate loans for the comparative periods.

As a result of the adjusted comparative figures, the credit quality indicators were also affected by this change. However, the risk profile did not materially change.

The ratios presented in the Risk chapter include the impact of the policy amendment.

The following reconciliation table provides insight into the change to the credit quality indicators of our loan portfolio due to the adjusted comparative figures.

Reconcilation table relating to the new offsetting policy

(in millions)	31 March 2016 after adjustment	31 March 2016 before adjustment	31 December 2015 after adjustment	31 December 2015 before adjustment
Total loans and receivables - customers				
Total loans and receivables - customers, gross excluding Fair value adjustments	280,078	262,262	274,347	258,824
Total carrying amount Loans and receivables - customers	281,482	263,666	274,842	259,319
Forborne Loans and receivables customers	10,166	8,656	10,504	9,065
Past due (but not impaired) Loans and receivables customers	6,450	4,536	7,320	4,858
Impaired Loans and receivables customers	6,992	6,638	7,345	6,973
Credit quality indicators				
Forbearance ratio	3.6%	3.3%	3.8%	3.5%
Past due ratio	2.3%	1.7%	2.7%	1.9%
Impaired ratio	2.5%	2.5%	2.7%	2.7%
Coverage ratio	53.3%	56.1%	53.0%	55.8%
Underlying cost of risk (year to date, in bps)			17	19
Corporate loans				
Corporate loans, gross excluding Fair value adjustments	105,127	87,311	100,387	84,864
Carrying amount Corporate loans	101,940	84,124	97,007	81,484
Forborne Corporate loans	7,726	6,216	7,715	6,276
Past due (but not impaired) Corporate loans	2,805	891	3,538	1,076
Impaired Corporate loans	5,071	4,717	5,244	4,872
Credit quality indicators - Corporate loans				
Forbearance ratio	7.3%	7.1%	7.7%	7.4%
Past due ratio	2.7%	1.0%	3.5%	1.3%
Impaired ratio	4.8%	5.4%	5.2%	5.7%
Coverage ratio	58.5%	62.9%	59.1%	63.6%
Underlying cost of risk (year to date in bps)	-9	-11	38	48

Second-quarter developments

In the second quarter of 2016 the total on-balance impairment charges amounted to EUR 54 million compared with EUR 36 million in the same period last year. As a result of the improved Dutch economy, impairment charges were limited this quarter. The impairment charges were mainly impacted by a considerable decline within Commercial Clients, offset by additions in International Clients. A total IBNI release of EUR 49 million was recorded in Q2 2016, compared with a release of EUR 107 million in the same period last year. The cost of risk resulted in 8bps in Q2 2016, compared with 5bps in Q2 2015.

Both new production and redemptions increased, with new productions increasing substantially. In the second quarter these numbers were offset by each other. As a result, the residential mortgage portfolio remained stable at EUR 146.6 billion at 30 June 2016; consumer loans did not change materially. The decrease in corporate loans was driven by the new offsetting policy on notional cash pool balances (impact of EUR 5.6 billion at 30 June 2016, compared with EUR 17.8 billion at 31 March 2016). In addition, the corporate loans portfolio grew as a result of growth in ECT Clients.

Regulatory capital

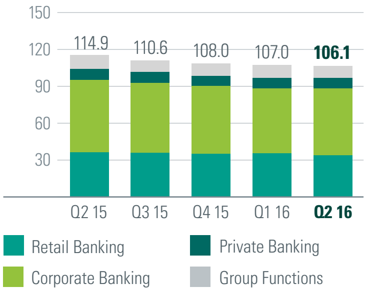
Total RWA (REA) decreased to EUR 106.1 billion at 30 June 2016, compared with EUR 107.0 billion at 31 March 2016, mainly due to credit risk partly offset by a slight increase in market risk. The main decreases were noted in Retail Banking (EUR 1.5 billion) as a result of fewer clients in arrears and a rise in house prices. In addition, Group Functions decreased by EUR 0.6 billion, partly offset by a rise within Corporate Banking of EUR 1.2 billion mainly due to increased business volume. Total Exposure at Default declined by EUR 5.0 billion to EUR 368.3 billion at 30 June 2016, compared with EUR 373.3 billion at 31 March 2016. This decline was driven by a decline in Group Functions mainly due to lower deposits at central banks, partly offset by Corporate Banking as a result of increased business volume.

Credit quality indicators

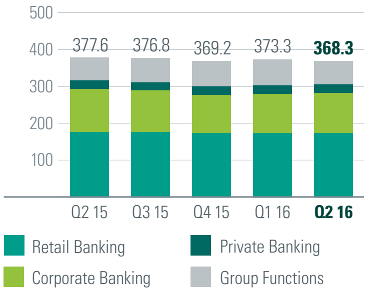
The positive development of the past due credit quality indicator is the result of a continuous improvement of the economic climate in the Netherlands. The combination of inflow in the corporate loans as well as the new netting policy on notional cash pooling led to a slight deterioration in the other credit quality ratios.

Quarterly developments

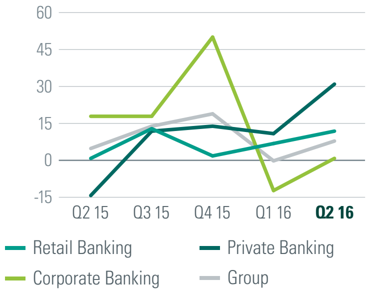
RWA (REA) per business segment
(end-of-period, in billions)



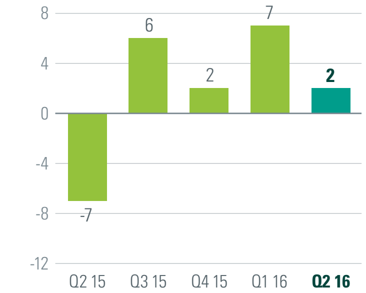
EAD per business segment
(end-of-period, in billions)



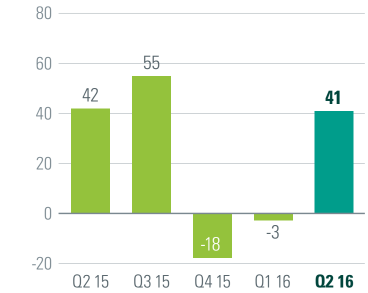
Cost of risk per business segment[1]
(end-of-period, in bps)



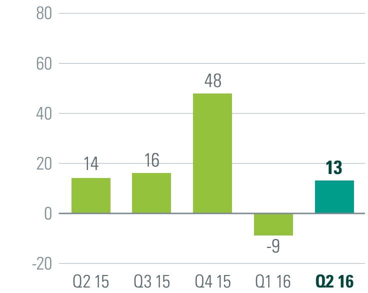
Underlying cost of risk per product[1]
Residential mortgages (in bps)



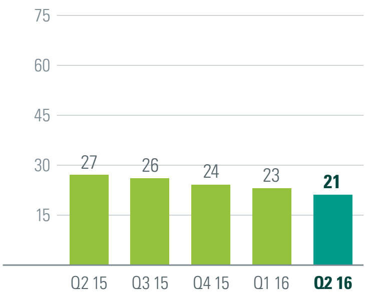
Consumer loans (in bps)



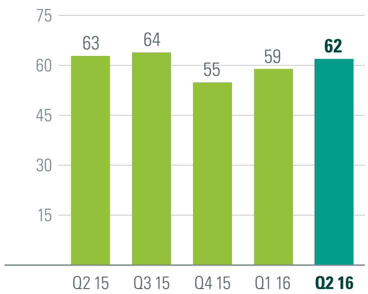
Corporate loans (in bps)



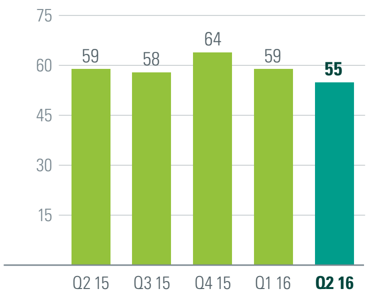
Coverage ratio
Residential mortgages (in %)



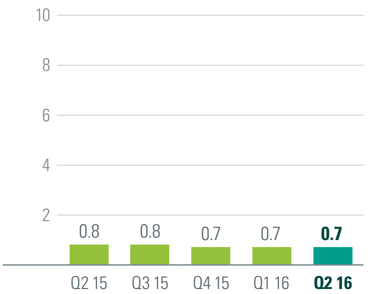
Consumer loans (in %)



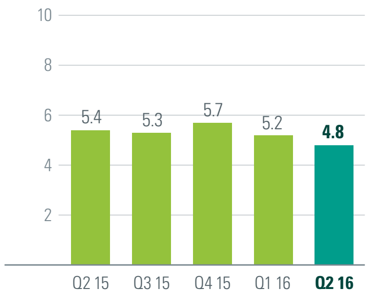
Corporate loans (in %)



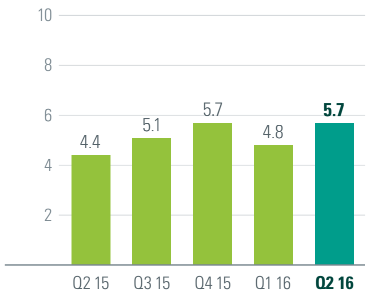
Impaired ratio
Residential mortgages (in %)



Consumer loans (in %)



Corporate loans (in %)



[1] Annualised impairment charges on Loans and receivables – customers for the period divided by average Loans and receivables – customers excluding fair value adjustments for hedge accounting.

Developments in the first six months of 2016

In the first half of 2016, the total on-balance impairment charges decreased significantly by EUR 228 million to EUR 56 million, compared with EUR 284 million in the same period last year. The decrease was mainly attributable to the improved economy in the Netherlands. Both periods were impacted by a considerable IBNI release (EUR 130 million in H1 2016 compared with EUR 138 million in the first half of 2015). The cost of risk dropped to 4bps in the first half of this year, compared with 19bps in the same period last year.

The residential mortgage portfolio decreased slightly to EUR 146.6 billion at 30 June 2016 compared with year-end 2015, as a result of higher total redemptions than the production of new mortgages. Consumer loans declined slightly. The drop in corporate loans was driven by the new offsetting policy on notional cash pool balances (impact of EUR 5.6 billion at 30 June 2016, compared with EUR 15.5 billion at 31 December 2015). In addition, the corporate loan portfolio grew as a result of growth in ECT Clients.

Regulatory capital

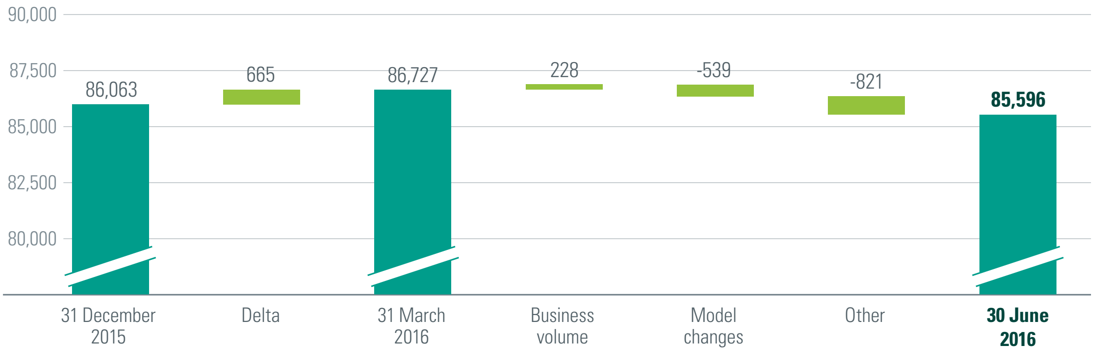
Total RWA (REA) decreased by EUR 1.9 billion to EUR 106.1 billion at 30 June 2016, compared with EUR 108.0 billion at 31 December 2015. This movement was mainly related to market risk, as a result of the use of the Internal Model Approach (IMA) as from 1 January 2016. Exposure at Default decreased by EUR 0.9 billion to EUR 368.3 billion at 30 June 2016, compared with EUR 369.2 at 31 December 2015.

Credit quality indicators

The positive development of the past due credit quality indicator is the result of the continuous improvement of the economic climate in the Netherlands. The combination of inflow in the corporate loans as well as the new netting policy on notional cash pooling led to a slight deterioration in the other credit quality ratios.

Credit risk

RWA (REA) flow statement credit risk
(in millions)



RWA (REA) decreased from EUR 86.7 billion at 31 March 2016 to EUR 85.6 billion at 30 June 2016. This decrease was mainly the result of lower RWA (REA) of Retail Banking related to model changes, fewer clients in arrears and a rise in house prices. A decrease within Group Functions contributed to a lesser extent to a lower RWA (REA). This was partly offset within Corporate Banking due to a combination of a rise in business volume and model changes.

Reporting scope risk

The table below provides an overview of the figures reported in the condensed consolidated balance sheet (net) and the figures reported in the credit risk section (gross).

(in millions)	30 June 2016 Gross carrying amount	30 June 2016 Loan impairment allowance	30 June 2016 Carrying amount	31 March 2016 Gross carrying amount	31 March 2016 Loan impairment allowance	31 March 2016 Carrying amount	31 December 2015 Gross carrying amount	31 December 2015 Loan impairment allowance	31 December 2015 Carrying amount
Loans and receivables - banks	**17,154**	**2**	**17,152**	**16,593**	**3**	**16,590**	**15,682**	**2**	**15,680**
Residential mortgages	150,152	286	149,866	150,192	311	149,882	150,333	324	150,009
Less: Fair value adjustment from hedge accounting on residential mortgages	3,544		3,544	3,561		3,561	3,401		3,401
Residential mortgages, excluding fair value adjustments	**146,607**	**286**	**146,322**	**146,631**	**311**	**146,321**	**146,932**	**324**	**146,608**
Consumer loans	**14,679**	**508**	**14,171**	**14,769**	**523**	**14,246**	**15,147**	**561**	**14,587**
Corporate loans[2]	95,659	3,094	92,564	107,077	3,188	103,889	101,835	3,380	98,454
Less: Fair value adjustment from hedge accounting on corporate loans	2,157		2,157	1,950		1,950	1,448		1,448
Corporate loans, excluding fair value adjustments[2]	**93,501**	**3,094**	**90,407**	**105,127**	**3,188**	**101,940**	**100,387**	**3,380**	**97,007**
Other loans and receivables - customers[1]	14,936	82	14,854	13,551	86	13,465	11,882	90	11,792
Less: Fair value adjustment from hedge accounting on other loans and receivables - customers				1		1	1		1
Other loans and receivables - customers, excluding fair value adjustments[1]	**14,936**	**82**	**14,854**	**13,550**	**86**	**13,464**	**11,881**	**90**	**11,791**
Total loans and receivables - customers, excluding fair value adjustments	**269,724**	**3,970**	**265,754**	**280,078**	**4,107**	**275,971**	**274,347**	**4,355**	**269,992**
Fair value adjustments on Loans and receivables - customers	5,702		5,702	5,512		5,512	4,850		4,850
Total loans and receivables - customers	**275,426**	**3,970**	**271,456**	**285,589**	**4,107**	**281,482**	**279,197**	**4,355**	**274,842**
Total loans and receivables, excluding fair value adjustments	**286,878**	**3,972**	**282,906**	**296,671**	**4,110**	**292,560**	**290,029**	**4,357**	**285,672**
Total fair value adjustments on Loans and receivables	5,702		5,702	5,512		5,512	4,850		4,850
Total loans and receivables[2]	**292,580**	**3,972**	**288,608**	**302,182**	**4,110**	**298,072**	**294,879**	**4,357**	**290,521**
Other			130,333			134,873			115,318
Total assets[2]			**418,940**			**432,945**			**405,840**

1 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
2 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).

Credit risk mitigation

Collateral & guarantees received as security as at 30 June 2016 Reviewed

		30 June 2016						
		Collateral received						
(in millions)	Carrying amount	Master netting agreement[4]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[5]	Net exposure[6]
Loans and receivables - banks	**17,152**	**9,100**	**1,476**		**51**	**10,627**	**1,088**	**7,612**
Loans and receivables - customers								
Residential mortgages[1, 2]	146,322		257	173,241	7,267	180,765	47,961	13,517
Consumer loans[1]	14,171		6,399	5,220	45	11,664	4,798	7,305
Corporate loans[1]	90,407	2,948	33,330	40,674	13,210	90,161	22,484	22,730
Other loans and receivables - customers[1, 3]	14,854	984	3,738	3,155	1,379	9,255	819	6,418
Fair value adjustment from hedge accounting	5,702							5,702
Total Loans and receivables - customers	**271,456**	**3,932**	**43,724**	**222,290**	**21,900**	**291,846**	**76,062**	**55,672**
Total Loans and receivables	**288,608**	**13,032**	**45,199**	**222,290**	**21,952**	**302,473**	**77,150**	**63,284**

1 Carrying amount includes loan impairment allowances.
2 As of 31 March 2016, we revised our allocation of collateral values for residential mortgages. The year-end 2015 figures have been adjusted for comparison purposes.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 The Master netting agreement amount presents legal netting rights and cash collateral.
5 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
6 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Collateral & guarantees received as security as at 31 March 2016

		31 March 2016						
		Collateral received						
(in millions)	Carrying amount	Master netting agreement[5]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[6]	Net exposure[7]
Loans and receivables - banks	**16,590**	**8,505**	**1,531**		**12**	**10,048**	**1,109**	**7,651**
Loans and receivables - customers								
Residential mortgages[1,2]	146,321		134	171,204	7,650	178,988	46,569	13,901
Consumer loans[1]	14,246		6,334	5,258	50	11,642	4,453	7,058
Corporate loans[1,3]	101,940	3,981	46,173	40,855	12,607	103,616	21,628	19,952
Other loans and receivables - customers[1,4]	13,464	1,116	2,901	3,049	1,366	8,432	924	5,956
Fair value adjustment from hedge accounting	5,512							5,512
Total Loans and receivables - customers[3]	**281,482**	**5,097**	**55,542**	**220,366**	**21,674**	**302,679**	**73,575**	**52,378**
Total Loans and receivables[3]	**298,072**	**13,602**	**57,073**	**220,366**	**21,686**	**312,727**	**74,684**	**60,029**

1 Carrying amount includes loan impairment allowances.
2 As of 31 March 2016, we revised our allocation of collateral values for residential mortgages. The year-end 2015 figures have been adjusted for comparison purposes.
3 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 The Master netting agreement amount presents legal netting rights and cash collateral.
6 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
7 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Collateral & guarantees received as security as at 31 December 2015 Reviewed

									31 December 2015
		Collateral received							
(in millions)	Carrying amount	Master netting agreement[5]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[6]	Net exposure[7]
Loans and receivables - banks	**15,680**	**7,282**	**1,742**		**4**	**9,027**	**1,332**	**7,984**
Loans and receivables - customers								
Residential mortgages[1, 2]	146,608		160	170,418	7,887	178,465	45,877	14,020
Consumer loans[1]	14,587		6,474	5,419	53	11,946	4,540	7,181
Corporate loans[1, 3]	97,007	3,920	45,243	42,594	13,006	104,763	24,891	17,135
Other loans and receivables - customers[1, 4]	11,791	748	2,590	3,006	1,406	7,750	842	4,883
Fair value adjustment from hedge accounting	4,850							4,850
Total Loans and receivables - customers[3]	**274,842**	**4,668**	**54,467**	**221,437**	**22,352**	**302,924**	**76,151**	**48,068**
Total Loans and receivables[3]	**290,521**	**11,950**	**56,209**	**221,437**	**22,356**	**311,951**	**77,483**	**56,053**

1 Carrying amount includes loan impairment allowances.
2 As of 31 March 2016, we revised our allocation of collateral values for residential mortgages. The year-end 2015 figures have been adjusted for comparison purposes.
3 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
4 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
5 The Master netting agreement amount presents legal netting rights and cash collateral.
6 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
7 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Second-quarter developments

Total net exposure of Total loans and receivables - customers increased by EUR 3.3 billion to EUR 55.7 billion at 30 June 2016, compared with EUR 52.4 billion at 31 March 2016. This increase was mainly due to corporate loans.

Property & Equipment for Residential mortgages increased by EUR 2.0 billion to EUR 173.2 billion at 30 June 2016, compared with EUR 171.2 billion at 31 March 2016. This increase is the result of improved house prices and is visible mainly in the increase of surplus collateral and, to a lesser extent, in a decrease in net exposure.

Within corporate loans the total risk mitigation decreased by EUR 13.5 billion, amounting to EUR 90.2 billion at 30 June 2016 compared with EUR 103.6 billion at 31 March 2016. This was mainly caused by a decrease in Financial instruments of EUR 12.8 billion. This decrease is the result of the new policy for notional cash pooling for EUR 12.2 billion, in combination with several smaller movements.

Total net exposure of Other loans and receivables - customers increased by EUR 0.4 billion to EUR 6.4 at 30 June 2016, compared with EUR 6.0 billion at 31 March 2016 due to new client lending.

The net exposure of Consumer loans remained fairly stable.

Developments in the first six months of 2016

Total net exposure of Total loans and receivables - customers increased to EUR 55.7 billion at 30 June 2016 compared with EUR 48.1 billion at 31 December 2015, mainly due to an increase in corporate loans, other loans and receivables - customers and fair value adjustment from hedge accounting.

Within residential mortgages, total risk mitigation increased by EUR 2.3 million to EUR 180.8 billion at 30 June 2016 compared with EUR 178.5 billion at year-end 2015, mainly as a result of increased collateral in the form of property & equipment. This development is related to improved house prices and is visible mainly in the increase of surplus collateral and, to a lesser extent, in a decrease in net exposure.

Financial instruments of corporate loans decreased by EUR 11.9 billion to EUR 33.3 billion at 30 June 2016 compared with EUR 45.2 billion at 31 December 2015. This is the result of the new offsetting policy, which had an impact of EUR 9.9 billion, in combination with a decrease in Clearing.

The net exposure of Other loans and receivables - customers increased by EUR 1.5 billion at 30 June 2016, mainly due to Clearing.

The net exposure of Consumer loans remained fairly stable.

Management of forborne, past due and impaired loans

Forborne loans

The following table provides an overview of forborne assets, broken down into performing and non-performing assets, specified by type of forbearance measure.

Clients (potential) in financial difficulty, for whom contract amendments have been made since 1 January 2012 that are considered concessions on the part of the bank, are accounted for as forborne assets. Contracts that were in a recovery phase at the reporting date are not considered forborne anymore. Additionally, as of 31 March 2016, contracts can discontinue the forborne status as a result of passing its probation period (i.e. cease to be forborne). Such contracts are excluded from the forborne portfolio as of 31 March 2016. The probation period depends on whether the contract is performing or non-performing when the forbearance measure is taken. This period is at least two years for a performing contract and at least three years for a non-performing contract. A contract can only qualify for 'cease to be forborne' when the contract is considered performing after its probation period.

Overview forbearance as at 30 June 2016 Reviewed

											30 June 2016
		Performing assets[3]				Non-performing assets[3]				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables - banks	**17,154**										**0.0%**
Loans and receivables - customers											
Residential mortgages[1]	146,607	870	16	143	1,028	230	6	24	261	1,289	0.9%
Consumer loans	14,679	155	92	190	437	114	33	30	177	614	4.2%
Corporate loans[1]	93,501	2,623	1,526	1,190	5,338	825	1,117	857	2,799	8,137	8.7%
Other loans and receivables - customers[1,2]	14,936	111	82	7	199	83	45	2	130	330	2.2%
Total Loans and receivables - customers	**269,724**	**3,759**	**1,715**	**1,529**	**7,003**	**1,252**	**1,201**	**914**	**3,367**	**10,370**	**3.8%**
Total[1]	**286,878**	**3,759**	**1,715**	**1,529**	**7,003**	**1,252**	**1,201**	**914**	**3,367**	**10,370**	**3.6%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 For reporting purposes, performing is considered as non-default and non-performing is considered as default.

Overview forbearance as at 31 March 2016

											31 March 2016
		Performing assets[4]				Non-performing assets[4]				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables - banks	**16,593**										**0.0%**
Loans and receivables - customers											
Residential mortgages[1]	146,631	926	21	212	1,160	320	5	29	354	1,514	1.0%
Consumer loans	14,769	157	64	184	404	121	56	33	210	614	4.2%
Corporate loans[1,2]	105,127	2,383	1,563	1,309	5,256	662	955	853	2,470	7,726	7.3%
Other loans and receivables - customers[1,3]	13,550	70	61		131	118	62		180	311	2.3%
Total Loans and receivables - customers[1,2]	**280,078**	**3,536**	**1,710**	**1,705**	**6,951**	**1,221**	**1,078**	**915**	**3,215**	**10,166**	**3.6%**
Total[1,2]	**296,671**	**3,536**	**1,710**	**1,705**	**6,951**	**1,221**	**1,078**	**915**	**3,215**	**10,166**	**3.4%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 For reporting purposes, performing is considered as non-default and non-performing is considered as default.

Overview forbearance as at 31 December 2015 Reviewed

											31 December 2015
		Performing assets[4]				Non-performing assets[4]				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables - banks	**15,682**										**0.0%**
Loans and receivables - customers											
Residential mortgages[1]	146,932	1,122	23	204	1,349	354	14	39	408	1,757	1.2%
Consumer loans	15,147	174	77	174	426	105	72	47	223	648	4.3%
Corporate loans[1,2]	100,387	2,074	1,533	1,496	5,102	634	938	1,041	2,613	7,715	7.7%
Other loans and receivables - customers[1,3]	11,881	110	39		148	109	124	2	235	383	3.2%
Total Loans and receivables - customers[1,2]	**274,347**	**3,481**	**1,671**	**1,874**	**7,025**	**1,202**	**1,148**	**1,129**	**3,479**	**10,504**	**3.8%**
Total[1,2]	**290,029**	**3,481**	**1,671**	**1,874**	**7,025**	**1,202**	**1,148**	**1,129**	**3,479**	**10,504**	**3.6%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 For reporting purposes, performing is considered as non-default and non-performing is considered as default.

Second-quarter developments

The total forborne portfolio increased from EUR 10.2 billion at 31 March 2016 to EUR 10.4 billion at 30 June 2016. This increase was mainly due to developments within the Corporate loans portfolio.

Total forborne assets within Residential mortgages decreased slightly, amounting to EUR 1.3 billion at 30 June 2016, compared with EUR 1.5 billion at 31 March 2016. For the performing forborne portfolio, the decline was mainly the result of cease to be forborne contracts. The decline in the non-performing forborne portfolio was mainly the result of forborne contracts that were transferred to recovery.

Total forborne assets for Corporate loans increased to EUR 8.1 billion at 30 June 2016, compared with EUR 7.7 billion at 31 March 2016. Apart from the impact of the new offsetting policy, the increase in total forborne exposure for Corporate loans would have been the same. The performing forborne portfolio with temporary modifications increased, as did the non-performing forborne portfolio with temporary and permanent modifications. Both increases were mainly the result of inflow of new forborne exposure, primarily related to the industrial goods & services sector and, to a lesser extent, to the oil & gas sector.

Total forborne assets within Consumer loans and Other loans and receivables - customers remained fairly stable compared with 31 March 2016.

Developments in the first six months of 2016

The total forborne portfolio decreased slightly from EUR 10.5 billion at 31 December 2015 to EUR 10.4 billion at 30 June 2016. This decline was mainly due to developments within the residential mortgages portfolio partly offset by an increase in corporate loans.

Total forborne assets within Residential mortgages decreased significantly, amounting to EUR 1.3 billion at 30 June 2016, compared with EUR 1.8 billion at year-end 2015. The performing forborne portfolio with temporary modifications declined by EUR 0.3 billion, which was mainly the result of cease to be forborne.

The non-performing forborne portfolio with temporary modifications decreased from EUR 0.4 billion at 31 December 2015 to EUR 0.2 billion at 30 June 2016. This decline was mainly the result of forborne contracts to which a recovery strategy has been applied.

Forborne Corporate loans increased significantly to EUR 8.1 billion at 30 June 2016, compared with EUR 7.7 billion at 31 December 2015. Apart from the impact of the new offsetting policy, the increase in total forborne exposure for Corporate loans would have been the same. Due to a large inflow of new forborne exposure the performing forborne exposure with temporary modifications increased significantly from EUR 2.1 billion at year-end 2015 to EUR 2.6 billion at 30 June 2016. This inflow was mainly related to the industrial goods & services sector and, to a lesser extent, to the oil & gas sector. The performing forborne portfolio with refinancing measures decreased, amounting to EUR 1.2 billion at June 2016, compared with EUR 1.5 billion at year-end 2015. This decline was mainly the result of cease to be forborne.

For Corporate loans the non-performing forborne portfolio with refinancing measures decreased by EUR 0.2 billion, mainly as a result of forborne contracts to which a recovery strategy has been applied. This decline was more than offset by an increase in the non-performing forborne portfolio with temporary and permanent modifications, which increased by EUR 0.4 billion due mainly to an inflow of new forborne exposure related to the industrial goods & services sector.

Total forborne assets within Consumer loans and Other loans and receivables - customers remained fairly stable compared with 31 December 2015.

Past due loans

Financial assets past due but not impaired as at 30 June 2016 Reviewed

								30 June 2016
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	<= 30 days	> 30 days & <= 60 days	> 60 days & <= 90 days	> 90 days	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**17,154**	**17,153**						**0.0%**
Loans and receivables - customers								
Residential mortgages[1]	146,607	145,640	1,867	249	55	16	2,187	1.5%
Consumer loans	14,679	13,968	288	77	53	133	551	3.8%
Corporate loans[1]	93,501	88,181	705	150	63	337	1,256	1.3%
Other loans and receivables - customers[2]	14,936	14,772	205	16	10	70	300	2.0%
Total Loans and receivables - customers	**269,724**	**262,561**	**3,066**	**491**	**181**	**556**	**4,294**	**1.6%**
Total Loans and receivables	**286,878**	**279,714**	**3,066**	**491**	**181**	**556**	**4,294**	**1.5%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Financial assets past due but not impaired as at 31 March 2016

								31 March 2016
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	<= 30 days	> 30 days & <= 60 days	> 60 days & <= 90 days	> 90 days	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**16,593**	**16,592**						**0.0%**
Loans and receivables - customers								
Residential mortgages[1]	146,631	145,616	2,190	313	85	31	2,620	1.8%
Consumer loans	14,769	13,999	275	117	59	136	587	4.0%
Corporate loans[1,2]	105,127	100,056	1,496	603	289	418	2,805	2.7%
Other loans and receivables - customers[3]	13,550	13,415	310	53	19	55	438	3.2%
Total Loans and receivables - customers[2]	**280,078**	**273,086**	**4,271**	**1,086**	**452**	**642**	**6,450**	**2.3%**
Total Loans and receivables[2]	**296,671**	**289,677**	**4,271**	**1,086**	**452**	**642**	**6,450**	**2.2%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Financial assets past due but not impaired as at 31 December 2015 Reviewed

	31 December 2015							
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	<= 30 days	> 30 days & <= 60 days	> 60 days & <= 90 days	> 90 days	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**15,682**	**15,680**						**0.0%**
Loans and receivables - customers								
Residential mortgages[1]	146,932	145,900	2,354	322	70	30	2,776	1.9%
Consumer loans	15,147	14,287	306	122	30	149	607	4.0%
Corporate loans[1,2]	100,387	95,143	3,047	138	9	344	3,538	3.5%
Other loans and receivables - customers[3]	11,881	11,671	187	36	17	160	400	3.4%
Total Loans and receivables - customers[2]	**274,347**	**267,002**	**5,894**	**617**	**126**	**683**	**7,320**	**2.7%**
Total Loans and receivables[2]	**290,029**	**282,682**	**5,894**	**617**	**126**	**683**	**7,320**	**2.5%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Second-quarter developments

The total past due exposure on Loans and receivables - customers at 30 June 2016 decreased by EUR 2.2 billion to EUR 4.3 billion, down from EUR 6.5 billion at 31 March 2016. Apart from the impact of the new offsetting policy, total past due exposure decreased by EUR 0.4 billion.

Residential mortgages past due exposure decreased from EUR 2.6 billion at 31 March 2016 to EUR 2.2 billion at 30 June 2016. This decline, which was mainly visible in the bucket <= 30 days, is the result of holiday allowances, further improvement of the Dutch economy and active management of the portfolio in arrears.

Corporate loans past due exposure declined by EUR 1.5 billion to EUR 1.3 billion at 30 June 2016. Apart from the impact of the new offsetting policy, total past due exposure for Corporate loans increased by EUR 0.2 billion and was mainly related to International Clients, part of which in ECT Clients.

Past due exposure for Other loans & receivables improved mainly in the <= 30 days bucket.

For Consumer loans there was no material movement in relation to total past due exposure.

Developments in the first six months of 2016

The total past due exposure on loans and receivables at 30 June 2016 decreased by EUR 3.0 billion to EUR 4.3 billion, down from EUR 7.3 billion at year-end 2015. Apart from the impact of the new offsetting policy, total past due exposure decreased by EUR 0.7 billion.

Residential mortgages past due exposure decreased by EUR 0.6 billion to EUR 2.2 billion at 30 June 2016, as result of holiday allowances, further improvement of the Dutch economy and active management of the portfolio in arrears.

The decrease in past due exposure for corporate loans was mainly attributable to a decline of EUR 2.3 billion in the <= 30 day past due bucket. Apart from the impact of the new offsetting policy, total past due exposure for Corporate loans increased by EUR 0.1 billion and related to ECT Clients, within International Clients.

The decline of EUR 0.1 billion in Other loans and receivables - customers is predominantly attributable to the >90 days bucket and the result of improved credit quality.

For Consumer loans there was no material movement in relation to total past due exposure.

Impaired loans

Coverage and impaired ratio as at 30 June 2016 Reviewed

	30 June 2016				
(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
Loans and receivables - banks	**17,154**	**2**	**-2**	**100.0%**	**0.0%**
Loans and receivables - customers					
Residential mortgages	146,607	967	-205	21.2%	0.7%
Consumer loans	14,679	711	-442	62.1%	4.8%
Corporate loans	93,501	5,320	-2,919	54.9%	5.7%
Other loans and receivables - customers[1,2]	14,936	164	-71	43.3%	1.1%
Total Loans and receivables - customers	**269,724**	**7,163**	**-3,637**	**50.8%**	**2.7%**
Total Loans and receivables[3]	**286,878**	**7,165**	**-3,638**	**50.8%**	**2.5%**
Securities financing	34,461			100.0%	
Total on- and off-balance sheet	**439,650**	**7,192**	**-3,643**	**50.7%**	**1.6%**

[1] Gross carrying amount excludes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
[3] Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio as at 31 March 2016

	31 March 2016				
(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
Loans and receivables - banks	**16,593**	**2**	**-2**	**100.0%**	**0.0%**
Loans and receivables - customers					
Residential mortgages	146,631	1,015	-229	22.5%	0.7%
Consumer loans	14,769	770	-457	59.3%	5.2%
Corporate loans[1]	105,127	5,071	-2,967	58.5%	4.8%
Other loans and receivables - customers[2,3]	13,550	135	-75	55.3%	1.0%
Total Loans and receivables - customers[1]	**280,078**	**6,992**	**-3,727**	**53.3%**	**2.5%**
Total Loans and receivables[1,4]	**296,671**	**6,994**	**-3,728**	**53.3%**	**2.4%**
Securities financing	33,603	10	-10	100.0%	0.0%
Total on- and off-balance sheet[1]	**446,733**	**7,055**	**-3,743**	**53.1%**	**1.6%**

1 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio as at 31 December 2015 Reviewed

	31 December 2015				
(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
Loans and receivables - banks	**15,682**	**2**	**-2**	**100.0%**	**0.0%**
Loans and receivables - customers					
Residential mortgages	146,932	1,031	-245	23.8%	0.7%
Consumer loans	15,147	860	-471	54.8%	5.7%
Corporate loans[1]	100,387	5,244	-3,098	59.1%	5.2%
Other loans and receivables - customers[2,3]	11,881	210	-78	37.4%	1.8%
Total Loans and receivables - customers[1]	**274,347**	**7,345**	**-3,892**	**53.0%**	**2.7%**
Total Loans and receivables[1,4]	**290,029**	**7,347**	**-3,894**	**53.0%**	**2.5%**
Securities financing	20,073	11	-11	100.0%	0.1%
Total on- and off-balance sheet[1]	**430,305**	**7,388**	**-3,909**	**52.9%**	**1.7%**

1 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
4 Amounts excluding Incurred But Not Identified (IBNI).

Second-quarter developments

Impaired exposures for Total loans and receivables - customers increased in the second quarter of this year. This increase mainly relates to Corporate loans partly offset by Residential mortgages and Consumer loans. Allowances for impairments decreased for all sub-portfolios. As a result, the coverage ratio for Total loans and receivables – customers decreased to 50.8% at 30 June 2016 compared with 53.3% at 31 March 2016. The impaired ratio increased to 2.7% in this period compared with 2.5% at 31 March 2016.

For residential mortgages the coverage ratio declined to 21.2% at 30 June 2016, compared with 22.5% at 31 March 2016. Allowances for impairments decreased relatively more than the impaired portfolio, which resulted in a lower coverage ratio. Allowances for impairments decreased due to the upturn of the Dutch housing market and the improved economy, which led to lower loss levels on foreclosures. The Impaired ratio remained stable at 0.7%.

Impaired exposures in the consumer loans portfolio declined, due mainly to the improved Dutch economy, which resulted in a coverage ratio of 62.1% at 30 June 2016 compared with 59.3% at 31 March 2016. The impaired ratio improved slightly to 4.8% in this period.

Corporate impaired exposures increased, driven by new impaired files in ECT Clients in the oil & gas industry due to the challenging market circumstances in this sector. These exposures have a relatively low coverage ratio, while the reversals, mainly related to Commercial Clients, were exposures with a higher coverage ratio. This resulted in a lower coverage ratio of 54.9% at 30 June 2016 compared with 31 March 2016.

The coverage ratio for other loans and receivables declined to 43.3% at 30 June 2016, compared with 31 March 2016, mainly as a result of a slightly higher impaired volume. The impaired ratio remained relatively stable at 1.1%.

Developments in the first six months of 2016

In the first half of 2016 the impaired exposures and allowances for impairments decreased slightly for Total loans and receivables - customers. Decreases were noted in all sub-portfolios except the impaired corporate loan portfolio.

The coverage ratio for Total loans and receivables – customers decreased to 50.8% at 30 June 2016 compared with 53.0% at year-end 2015. The impaired ratio remained stable at 2.7%.

The coverage ratio for residential mortgages declined to 21.2% at 30 June 2016, compared with 23.8% at 31 December 2015. Allowances for impairments decreased due to the upturn of the Dutch housing market and the improved economy, which led to less inflow into default, higher outflow and lower loss levels on foreclosures. The impaired ratio remained stable at 0.7%.

In the consumer loan portfolio, the Impaired exposure and Allowances for impairments declined by respectively EUR 149 million and EUR 29 milion. Both decreases were due to the improved Dutch economy. This resulted in a coverage ratio of 62.1% at 30 June 2016 compared with 54.8% at year-end 2015. The impaired ratio improved to 4.8% in this period.

In the corporate loans portfolio the impaired exposures increased, driven by new impaired files in ECT Clients. These increases were mainly related to the oil & gas industry due to the challenging market circumstances in this sector. The impacted exposures have relatively low coverage ratios, while the reversals, mainly related to Commercial Clients, are exposures with higher coverage ratios. This resulted in a lower coverage ratio of 54.9% at 30 June 2016 compared with 59.1% at 31 December 2015. The impaired ratio increased to 5.7% in this period.

The coverage ratio for Other loans and receivables rose to 43.3% at 30 June 2016, compared with 31 December 2015, mainly as a result of a lower impaired volume. The impaired ratio improved to to 1.1%.

Loan impairment charges and allowances

(in millions)	Securities financing	Banks	Corporate loans[1]	Residential mortgages	Consumer loans	Other loans	Total
							Q2 2016
Balance at begin of period	**10**	**3**	**3,273**	**311**	**523**	**1**	**4,121**
Impairment charges for the period		-1	195	14	42	-1	249
Reversal of impairment allowances no longer required	-2		-156		-16		-174
Recoveries of amounts previously written-off			-3	-6	-11		-20
Total impairment charges on loans and other receivables	**-2**	**-1**	**36**	**8**	**15**	**-1**	**54**
Amount recorded in interest income from unwinding of discounting			-11	-10	-2		-22
Currency translation differences			32				32
Amounts written-off (net)	-8		-176	-23	-19		-226
Reserve for unearned interest accrued on impaired loans			20		4		24
Other adjustments			2		-13		-10
Balance at end of period		**2**	**3,176**	**286**	**508**		**3,973**
Reconciliation from reported to underlying impairment charges							
Total reported on-balance sheet impairment charges on loans and other receivables	**-2**	**-1**	**36**	**8**	**15**	**-1**	**54**
Total underlying on-balance sheet impairment charges on loans and other receivables	**-2**	**-1**	**36**	**8**	**15**	**-1**	**54**

[1] Corporate loans includes Financial lease receivables and Factoring.

(in millions)	Securities financing	Banks	Corporate loans[1]	Residential mortgages	Consumer loans	Other loans	Q2 2015 Total
Balance as at begin of period	**11**		**3,594**	**478**	**643**	**133**	**4,860**
Impairment charges for the period			229	27	53	7	316
Reversal of impairment allowances no longer required			-182	-41	-27	-7	-257
Recoveries of amounts previously written-off			-5	-9	-9		-23
Total impairment charges on loans and other receivables			**42**	**-23**	**17**		**36**
Amount recorded in interest income from unwinding of discounting			-11	-9	-3		-23
Currency translation differences			-18			1	-18
Amounts written-off (net)			-119	-42	-37	-4	-202
Reserve for unearned interest accrued on impaired loans			19		9		28
Other adjustments			-10	-2	11	-1	-2
Balance as at end of period	**10**		**3,497**	**402**	**640**	**130**	**4,680**
Reconciliation from reported to underlying impairment charges							
Total reported on-balance impairment charges on loans and other receivables			**42**	**-23**	**17**		**36**
Total underlying on-balance impairment charges on loans and other receivables			**42**	**-23**	**17**		**36**

[1] Corporate loans includes Financial lease receivables and Factoring.

(in millions)	Q2 2016	Q2 2015
On-balance sheet	54	36
Off-balance sheet		- 2
Total impairment charges on loans and other receivables	**54**	**34**

Second-quarter developments

The total on-balance impairment charges increased to EUR 54 million in the second quarter of 2016 compared with EUR 36 million in the same period last year. The impairment charges were impacted by a lower total IBNI release of EUR 49 million in Q2 2015, compared with the release of EUR 107 million in the same period last year. Excluding IBNI, the impairment charges declined, driven by the improved Dutch economy.

Impairment charges for the Corporate loan portfolio dropped slightly to EUR 36 million in Q2 2016, compared with EUR 42 million in the same period last year. The impairment charges mainly dropped significantly within Commercial Clients and resulted in a release, largely related to the improved economy in the Netherlands. This was offset by additions in International Clients, mainly related to the energy and transportation sectors within ECT clients. The IBNI release for this portfolio, which is driven by Commercial Clients, amounted to EUR 46 million in Q2 2016, compared with EUR 59 million in the same period last year.

Residential mortgages impairment charges increased to EUR 8 million in Q2 2016, compared with a release of EUR 23 million in the same period last year. This increase was mainly driven by an IBNI release of EUR 18 million in Q2 2015, compared with a marginal release in Q2 2016. Excluding IBNI, the impairment charges were fairly stable.

Impairment charges for the Consumer loans portfolio remained relatively stable at EUR 15 million in Q2 2016, compared with the same period last year. However, Q2 2015 was impacted by an IBNI release of EUR 28 million.

Excluding this release, the impairment charges declined in this portfolio, mainly as a result of the upturn of the Dutch economy.

For the other loans, no major movements were noted.

Loan impairment charges and allowances in the first six months Reviewed

							First half 2016
(in millions)	Securities financing	Banks	Corporate loans[1]	Residential mortgages	Consumer loans	Other loans	Total
Balance as at 1 January	**11**	**2**	**3,470**	**324**	**561**	**1**	**4,368**
Impairment charges for the period			353	45	88		486
Reversal of impairment allowances no longer required	-2		-331		-54		-388
Recoveries of amounts previously written-off			-10	-12	-20		-42
Total impairment charges on loans and other receivables	**-2**		**12**	**33**	**14**		**56**
Amount recorded in interest income from unwinding of discounting			-21	-19	-4		-44
Currency translation differences			1				1
Amounts written-off (net)	-8		-308	-57	-66		-438
Reserve for unearned interest accrued on impaired loans			38		9		46
Other adjustments			-16	5	-5	-1	-17
Balance as at 30 June		**2**	**3,176**	**286**	**508**		**3,973**
Reconciliation from reported to underlying impairment charges							
Total reported on-balance sheet impairment charges on loans and other receivables	**-2**		**12**	**33**	**14**		**56**
Total underlying on-balance sheet impairment charges on loans and other receivables	**-2**		**12**	**33**	**14**		**56**

[1] Corporate loans includes Financial lease receivables and Factoring.

First half 2015

(in millions)	Securities financing	Banks	Corporate loans[1]	Residential mortgages	Consumer loans	Other loans	Total
Balance as at 1 January	**11**		**3,439**	**538**	**654**	**129**	**4,771**
Impairment charges for the period			553	68	89	16	726
Reversal of impairment allowances no longer required	-1		-282	-70	-41	-10	-403
Recoveries of amounts previously written-off			-7	-12	-20		-39
Total impairment charges on loans and other receivables	**-1**		**265**	**-14**	**28**	**6**	**284**
Amount recorded in interest income from unwinding of discounting			-22	-28	-6		-56
Currency translation differences	1		52			3	56
Amounts written-off (net)			-252	-90	-61	-8	-412
Reserve for unearned interest accrued on impaired loans			27		8		35
Other adjustments			-11	-4	16		
Balance as at 30 June	**10**		**3,497**	**402**	**640**	**130**	**4,680**
Reconciliation from reported to underlying impairment charges							
Total reported on-balance sheet impairment charges on loans and other receivables	**-1**		**265**	**-14**	**28**	**6**	**284**
Total underlying on-balance sheet impairment charges on loans and other receivables	**-1**		**265**	**-14**	**28**	**6**	**284**

[1] Corporate loans includes Financial lease receivables and Factoring.

(in millions)	First half 2016	First half 2015
On-balance sheet	56	284
Off-balance sheet		2
Total impairment charges on loans and other receivables	**56**	**287**

Developments in the first six months of 2016

The total on-balance impairment charges decreased significantly by EUR 228 million to EUR 56 million in the first half of 2016, compared with EUR 284 million in the same period last year. The decrease was mainly attributable to the improved economy in the Netherlands. The IBNI release of EUR 130 million in H1 2016 was slightly lower, compared with an IBNI release of EUR 138 million in H1 2015.

The decline in the Impairment charges was mainly visible in the Corporate loan portfolio, where impairment charges decreased by EUR 253 million to EUR 12 million in H1 2016, compared with EUR 265 million in the first half of 2015. Impairment charges dropped significantly within Commercial Clients as a result of the improved economy in the Netherlands. The decrease was partly offset by additions in the International Clients business, mainly related to the energy and transportation sectors within ECT Clients. The IBNI release for the Corporate loan portfolio, which is almost fully related to Commercial Clients, amounted to EUR 108 million in H1 2016, compared with an IBNI release of EUR 68 million in H1 2015.

Impairment charges for the Residential mortgages portfolio increased to EUR 33 million in H1 2016, compared with a release of EUR 14 million in the same period last year. This increase was mainly driven by an IBNI release of EUR 53 million in H1 2015, compared with a small IBNI charge of EUR 2 million in the first half of 2016.

Excluding the IBNI impact in this period, impairment charges were lower, as a result of the continued decline of the impaired portfolio and improvements in the Dutch housing market. Impairment charges for Residential mortgages are below the TTC benchmark of 5 to 7bps.

Consumer loans impairment charges decreased by EUR 14 million, coming to EUR 14 million in the first half of 2016, compared with the same period last year. This decline was also the result of the improvement of the Dutch economy and, to a lesser extent, an IBNI release.

Impairment charges for other loans decreased slightly by EUR 6 million in the first half of 2016 compared with the same period last year.

Impaired loans by industry

	30 June 2016		31 March 2016		31 December 2015	
(in millions)	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk
Industry sector						
Banks	1	-2	11	-11	12	-12
Financial services[1,2]	740	-647	763	-634	829	-696
Industrial goods and services[1]	1,195	-544	1,145	-559	1,210	-608
Real estate[1]	591	-261	676	-313	688	-324
Oil and gas[1]	468	-162	200	-89	171	-73
Food and beverage[1]	561	-229	560	-241	542	-246
Retail[1]	472	-236	486	-265	540	-282
Basic resources[1]	338	-225	301	-240	301	-223
Healthcare[1]	200	-148	193	-163	215	-167
Construction and materials[1]	418	-260	423	-266	463	-285
Travel and leisure[1]	145	-78	151	-81	171	-88
Other[1,3]	395	-219	370	-211	384	-207
Subtotal Industry Classification Benchmark[1]	**5,525**	**-3,012**	**5,280**	**-3,072**	**5,524**	**-3,210**
Private individuals (non-Industry Classification Benchmark)	1,667	-631	1,775	-671	1,864	-698
Subtotal non-Industry Classification Benchmark	**1,667**	**-632**	**1,775**	**-671**	**1,864**	**-698**
Total[1,4]	**7,192**	**-3,643**	**7,055**	**-3,743**	**7,388**	**-3,909**

1 For comparison reasons the historical periods before 30 June 2016 have been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Condensed Consolidated Interim Financial Statements).
2 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
3 Other includes, personal and household goods, media, technology, automobiles and parts, chemicals, telecommunication and insurance, in addition to unclassified.
4 Amounts excluding Incurred But Not Identified (IBNI).

Second-quarter developments

Impaired loans and Allowances for impairments per industry were mainly driven by movements in the oil and gas sector, due to challenging market circumstances. Increases in Impaired exposures were noted in basic resources as a result of a single file and industrials goods and services due to a few individual files.

Economic circumstances for the real estate sector improved, resulting in a lower impaired volume due to clients returning to the performing portfolio. The releases in the allowances were mainly due to an improvement of the underlying collateral values.

Private individual loans decreased following the upturn in the Dutch housing market, resulting in a continued reduced impaired portfolio for Residential mortgages.

Furthermore, impaired exposures in financial services decreased as a result of write-offs, and Impaired exposure in banks decreased due to a client that repaid its debt.

Developments in the first six months of 2016

The main movements in Impaired loans and Allowances for impairments per industry were driven by the oil and gas sector, due to challenging market circumstances. Furthermore, impaired exposures in basic resources increased as a result of a single international file and impaired exposures in industrials goods and services increased due to a few individual files.

The real estate sector improved due to better economic circumstances, resulting in a lower impaired volume as a result of clients returning to the performing portfolio. The releases in the allowances were mainly due to an improvement in underlying collateral values.

Private individual loans decreased following the upturn in the Dutch housing market, resulting in a reduced impaired portfolio for Residential mortgages.

Financial services declined mainly as a result of a few clients who fully repaid their debt. Furthermore, retail and construction & materials declined mainly driven by write-offs and releases for allowances for impairments in the first quarter of this year.

Banks industry sector decreased due to a client that repaid its debt.

Developments in specific portfolios

Residential mortgages

The Dutch housing market recovery is continuing with no signs of a slowdown. The number of transactions rose strongly and is attributable to the sustained decline in mortgage interest rates combined with favourable economic conditions. In addition, existing homeowners are becoming more mobile as a result of rising house prices in combination with low interest rates, increasing the numbers of relocations. The number of transactions in the Dutch housing market went up by 23.6% in Q2 2016 compared with the same period in 2015 (and up by 23.9% comparing the first half of 2016 with the same period last year), according to Statistics Netherlands (CBS). The CBS housing price index shows that prices rose considerably again, increasing by an average of more than 4.4% year-on-year and increasing by 1.0% quarter-on-quarter. The improvement was seen in all regions of the Netherlands and all price categories. The upward trend in house prices and transaction volumes was more significant in the larger cities in the urban agglomeration.

In the second quarter of 2016, production volume of new mortgages was 30% higher than in the first quarter of 2016 and 2% higher when comparing the first half of 2016 with the first half of 2015. In the improved mortgage market, competition from new providers who see the mortgage market as a good investment alternative is growing. Regulations for insurers and pension funds differ from banks in terms of required capital buffers, giving them a competitive edge on long-term interest rates. These mortgages fit well in their business model.

ABN AMRO's market share was 18.6%[1] in the first half of 2016 compared with 22.0% in the same period last year. However, the market share has improved quarter-on-quarter since Q4 2015.

[1] Source: Dutch Land Registry (Kadaster)

The bank's market share in new production was 19.6% in Q2 2016 (Q1 2016: 17.4%, Q4 2015: 15.3%). The NHG proportion of new mortgage production modestly decreased to 22% in the second quarter of 2016, compared with 26% in the first quarter of 2016 as well as in the fourth quarter of 2015.

Total redemptions for the second quarter of 2016 increased to EUR 3.0 billion, compared with EUR 2.6 billion in the second quarter of 2015 (H1 2016 EUR 5.8 billion; H1 2015 EUR 5.1 billion). The higher amount of total redemptions was caused by an increase in refinancing and relocation. Low interest rates on savings and increased awareness among homeowners of the possibility of residual debt are still incentives for extra redemptions. Contractual repayments are gradually growing, following modified tax regulations.

Key residential mortgage indicators

(in millions)	30 June 2016	31 March 2016	31 December 2015
Gross carrying amount excl. fair value adjustment from hedge accounting	146,607	146,631	146,932
Of which Nationale Hypotheek Garantie (NHG)	38,654	38,783	38,872
Fair value adjustment from hedge accounting	3,544	3,561	3,401
Gross carrying amount	150,152	150,192	150,333
Exposure at Default[1]	162,073	162,276	162,405
Risk-weighted assets/ risk exposure amount[1]	19,538	20,510	20,779
RWA (REA)/EAD	12.1%	12.6%	12.8%
Forbearance ratio	0.9%	1.0%	1.2%
Past due ratio	1.5%	1.8%	1.9%
Impaired ratio	0.7%	0.7%	0.7%
Coverage ratio	21.2%	22.5%	23.8%
Average Loan-to-Market-Value	79%	80%	81%
Average Loan-to-Market-Value - excluding NHG loans	75%	76%	77%
Total risk mitigation[2]	180,765	178,988	178,465
Total risk mitigation/carrying amount	120.4%	119.2%	118.7%

[1] The RWA (REA) and Exposure at Default amounts are based on the exposure class Secured by immovable property. This scope is slightly broader than the residential mortgage portfolio.
[2] As of 31 March 2016, we revised our allocation of collateral values for residential mortgages. The year-end 2015 figures have been adjusted for comparison purposes.

	Q2 2016	Q2 2015	Q1 2016	First half 2016	First half 2015
Underlying Cost of risk (in bps)[1]	2	-7	7	5	-2

[1] Annualised impairment charges on Loans and receivables - customers for the period divided by the average Loans and receivables - customers on basis gross carrying amount and excluding fair value adjustment from hedge accounting.

The gross carrying amount of the residential mortgage portfolio remained relatively stable as a result of growing production, which equals total redemptions. NHG-guaranteed loans accounted for 26% of the residential mortgage portfolio at the end of the second quarter of 2016.

The RWA (REA) for the residential mortgage portfolio decreased further to EUR 19.5 billion as a result of fewer clients in arrears and a rise in house prices. The EAD has declined marginally since year-end 2015.

The forbearance ratio further decreased to 0.9% compared with 1.0% in 31 March 2016 and 1.2% in 31 December 2015, mainly as a result of more clients transferring to recovery and, to a lesser extent, discontinuation of the forborne status (cease to be forborne), in combination with fewer clients becoming forborne.

The mortgage portfolio in arrears (but not impaired) further decreased while the portfolio remained fairly stable, resulting in an improved past-due ratio of 1.5% at

30 June 2016 compared with 1.8% at 31 March 2016 and 1.9% at 31 December 2015.

Annualised cost of risk remained low at 2bps for Q2 2016 and 5bps for the first half of the year, but was higher than in Q2 2015 (-7bps) and H1 2015 (-2bps). The increased cost of risk can be explained by the IBNI releases in 2015.

The coverage ratio for the residential mortgages portfolio was 21.2% at 30 June 2016, down from 22.5% at 31 March 2016 and 23.8% at 31 December 2015. Both the impaired portfolio and allowances for impairments decreased. Allowances decreased further, mainly due to continued improvement of the housing market and economic circumstances, which led to lower loss levels on foreclosures and more cured clients. The impaired ratio remained stable at 0.7%.

Positive developments in the abovementioned risk ratios are the result of continuous improvement of economic conditions combined with extensive portfolio management for clients who are in the early stages of financial difficulties. The trend of a lower portfolio in arrears, which started in the fourth quarter of 2014, continued.

House price developments and partial redemptions had a positive effect on the LtMV of the mortgage portfolio, which decreased to 79% compared with 80% at 31 March 2016 and 81% at year-end 2015. Total risk mitigation also showed a rising trend.

Residential mortgages to indexed market value

	30 June 2016				31 March 2016				31 December 2015			
(in millions)	Gross carrying amount	Percentage of total	- of which guaranteed[3]	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed[3]	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed[3]	- of which unguaranteed
LtMV category[1, 2]												
<50%	24,011	16.4%	1.8%	14.6%	23,443	16.0%	1.7%	14.3%	23,122	15.7%	1.7%	14.0%
50% - 80%	42,264	28.8%	5.4%	23.4%	40,849	27.9%	5.1%	22.8%	40,145	27.3%	4.9%	22.4%
80% - 90%	19,866	13.6%	4.2%	9.3%	18,970	12.9%	3.8%	9.1%	18,340	12.5%	3.6%	8.9%
90% - 100%	25,955	17.7%	7.5%	10.2%	25,505	17.4%	7.3%	10.1%	25,164	17.1%	7.0%	10.1%
100% - 110%	17,497	11.9%	4.4%	7.5%	18,499	12.6%	4.8%	7.8%	19,225	13.1%	5.0%	8.1%
110% - 120%	10,556	7.2%	2.3%	4.9%	11,974	8.2%	2.7%	5.5%	12,982	8.8%	2.9%	5.9%
>120%	4,061	2.8%	0.8%	2.0%	5,232	3.6%	1.0%	2.5%	6,003	4.1%	1.4%	2.7%
Unclassified	2,397	1.6%			2,159	1.5%			1,951	1.3%		
Total	**146,607**	**100%**			**146,631**	**100%**			**146,932**	**100%**		

[1] ABN AMRO calculates the Loan-to-Market Value using the indexation of the CBS (Statistics Netherlands).
[2] As of 31 March 2016, we revised our allocation of collateral values for residential mortgages. The year-end 2015 figures have been adjusted for comparison purposes.
[3] NHG guarantees.

The volume of the portfolio with LtMV rate above 100% (i.e. the mortgage loan exceeds the value of the property) further improved from 26.0% at 31 December 2015 and 24.4% at 31 March 2016 to 21.9% at 30 June 2016.

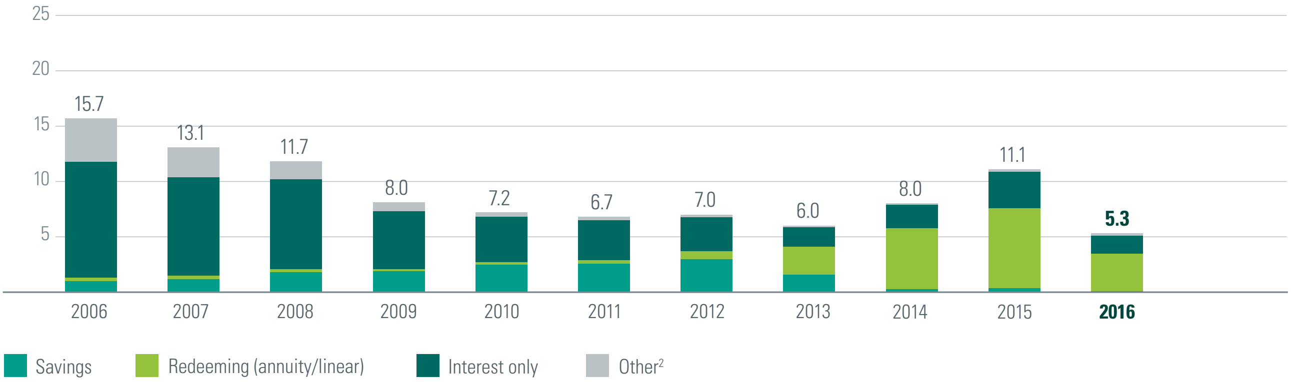
The amounts in the higher buckets are decreasing due mainly to indexation of the value of the underlying collateral and no inflow into these buckets as a result of the current fiscal regime for tax deductions.

LtMVs of more than 100% do not necessarily indicate that these clients are in financial difficulties. Nevertheless, ABN AMRO makes clients aware of possible risks in the future resulting from having interest-only mortgage loans and a high LtMV. Currently 0.7% of our clients are financed solely with interest-only mortgage loans and have an LtMV > 100% (0.8% at 31 March 2016 and 0.9% at 31 December 2015).

Breakdown of residential mortgage origination by loan type

Breakdown of the residential mortgage portfolio by year of loan modification as from 2016[1]

(in billions)



1 Production includes the new mortgage production and all mortgages with a modification date.
2 Other includes universal life, life investment, hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

Under Dutch tax regulations implemented on 1 January 2013, mortgage interest is only deductible for redeeming mortgage loans. On 30 June 2016, mortgage loan type origination (defined as new production and mortgages with a loan type modification) breaks down into 29.2% interest-only mortgages (2012:45%), 15.0% redeeming mortgages (2012:10%) and 14.2% savings mortgages (2012:42%). Interest-only and savings mortgages can still be produced for clients wishing to refinance loans that originated before 2013.

Breakdown of residential mortgage portfolio by loan type

	30 June 2016		31 March 2016		31 December 2015	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	47,426	32%	47,639	32%	47,943	33%
Interest only (100%)	31,257	21%	31,628	22%	32,076	22%
Redeeming mortgages (annuity/linear)	21,670	15%	19,910	14%	18,569	13%
Savings	20,423	14%	21,240	14%	21,735	15%
Life (investment)	16,819	11%	17,292	12%	17,787	12%
Other[1]	9,012	6%	8,922	6%	8,822	6%
Total	**146,607**	**100%**	**146,631**	**100%**	**146,932**	**100%**

1 Other includes hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

The change in tax regulations is reflected in the composition of the mortgage portfolio. The proportion of redeeming mortgages increased to 15% while the proportion of interest-only and savings mortgages decreased slightly.

Energy, Commodities & Transportation Clients

ECT on- and off-balance sheet exposure

	30 June 2016				31 March 2016				31 December 2015			
(in billions)	Energy	Com-modi-ties	Trans-porta-tion	Total ECT clients	Energy	Commod-ities	Trans-porta-tion	Total ECT clients	Energy	Commod-ities	Trans-porta-tion	Total ECT clients
On-balance sheet exposure	**5.2**	**11.9**	**9.3**	**26.3**	5.1	11.2	8.9	25.3	4.7	11.1	9.3	25.0
Guarantees and letters of credit	0.7	6.0	0.2	6.9	0.6	5.2	0.2	6.0	0.7	5.5	0.2	6.3
Subtotal	**5.8**	**17.8**	**9.5**	**33.2**	5.7	16.4	9.1	31.2	5.3	16.5	9.5	31.4
Undrawn committed credit facilities	2.1	2.2	1.1	5.4	2.1	2.6	1.2	5.9	2.3	2.4	1.9	6.7
Total on- and off-balance sheet exposure	**8.0**	**20.1**	**10.6**	**38.6**	**7.7**	**19.0**	**10.4**	**37.1**	**7.6**	**19.0**	**11.4**	**38.0**

ABN AMRO provides financial solutions and support to clients across the entire value chain of the Energy, Commodities & Transportation (ECT) industry. ECT Clients finances and serves corporate clients that are internationally active in Energy (upstream, offshore, midstream, Storage and Offloading (FPSO), corporate lending), Commodities (energy, agricultural and metals) and Transportation (ocean-going vessels and containers).

ECT Clients operates in cyclical sectors. This cyclicality is reflected in our lending policies, financing structures, advance rates and risk management. As some clients in the ECT sectors currently face more challenging market circumstances (for example, the price of oil and the dry bulk and container markets), they are continuously subject to stringent credit monitoring and close risk management attention. In addition, ABN AMRO periodically performs sensitivity analyses and stress testing exercises to gain insight into the credit performance under different price scenarios, economic scenarios and risk measures.

The vast majority of the ECT Clients loan book is US-dollar denominated and largely secured by either commodities for which liquid markets exist, first-priority ship mortgages or pledged contracted project cash flows. Conservative advance rates are applied, taking into account through-the-cycle asset values.

Volume growth in Transportation and Energy is controlled based on new client acquisition, and broadening and deepening of existing client relations in selectively chosen markets. Utilisation of credit limits is in line with previous quarters. The ECT Clients' total loan portfolio amounted to EUR 26.3 billion in on-balance sheet exposure at 30 June 2016, compared with EUR 25.3 billion at 31 March 2016 and EUR 25.0 billion at 31 December 2015. The on-balance sheet exposure increased by 4.3% in the second quarter of 2016 (5.3% in the first half of 2016) driven by growth in all three segments and supported by 2.5% by the strengthening of the US-dollar in the second quarter.

Commodity Clients remains the largest sector of ECT Clients, accounting for EUR 11.9 billion of the ECT Clients loan portfolio (up from EUR 11.2 billion at 31 March 2016, and EUR 11.1 billion at 31 December 2015). Loans (on-balance) to Transportation Clients now account for EUR 9.3 billion (up from EUR 8.9 billion at 31 March 2016 and EUR 9.3 billion at 31 December 2015). Energy Clients' share in the on-balance sheet exposure is now EUR 5.2 billion (up from EUR 5.1 billion at 31 March 2016 and EUR 4.7 billion at 31 December 2015).

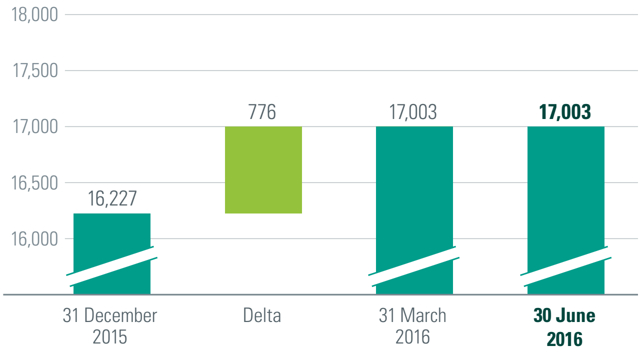
The off-balance-sheet exposure, consisting mainly of short-term letters of credit secured by commodities, guarantees and availability under committed credit lines, increased from EUR 11.9 billion at 31 March 2016 to EUR 12.3 billion at 30 June 2016, of which EUR 8.2 billion in Commodity Clients, EUR 2.8 billion in Energy Clients, and EUR 1.3 billion in Transportation Clients. This increase was mainly driven by the increase in commodity prices, resulting in higher utilisation levels of committed credit lines.

The challenging market conditions, especially in the energy market, are reflected in ECT Clients' impairment charges for Q2 2016, amounting to EUR 93 million (of which approximately two-thirds in Energy and one-third in Transportation) compared with EUR 18 million in the same period last year. Total impairment charges in the first half amounted to EUR 141 million compared with EUR 36 million in the same period last year. Although commodity prices increased in the first half of 2016, price levels for most commodities including oil are still substantially below the historical 5-year average. The still relatively low oil price has an impact on the entire energy value chain, as investments by oil majors are deferred.

ABN AMRO updated its scenario for the oil price-sensitive part of the ECT Clients portfolio (Energy and a small part of the Transportation portfolio) as market circumstances have further deteriorated and investments by oil majors have remained at low levels despite some improvements in oil prices. The updated scenario now anticipates a 'lower for longer' oil price. Furthermore, we assume that oil majors will not increase their capital expenditures at the currently low price of oil. Under this scenario EUR 125-200 million of additional impairment charges between the end of Q2 2016 and year-end 2017 could be incurred.

Operational risk

RWA (REA) flow statement operational risk
(in millions)



RWA (REA) for operational risk is calculated based on the Standardised Approach (TSA). To calculate the required capital, once a year the gross income is multiplied by a percentage (predefined by the directives).

Second-quarter developments

As the bank is applying the TSA approach, the RWA (REA) calculation is revised yearly and, as a consequence, no changes are noted in the second quarter of 2016 compared with the first quarter of 2016.

Developments in the first six months of 2016

As a result of the yearly revised calculations, RWA (REA) increased by EUR 0.8 billion to EUR 17.0 billion in the first half of 2016 compared with year-end 2015.

ABN AMRO is awaiting the ECB's response to the request for approval to use the Advanced Measurement Approach (AMA). The application was submitted to the ECB in the fourth quarter of 2015.

ABN AMRO is adhering to the advice of the committee of independent experts established by the Dutch Minister of Finance on the reassessment of SME interest rate derivatives that was published early July 2016. As a result, the bank increased the related provision by EUR 361 million gross (EUR 271 million net of tax) on top of the EUR 121 million provision already taken in 2015.

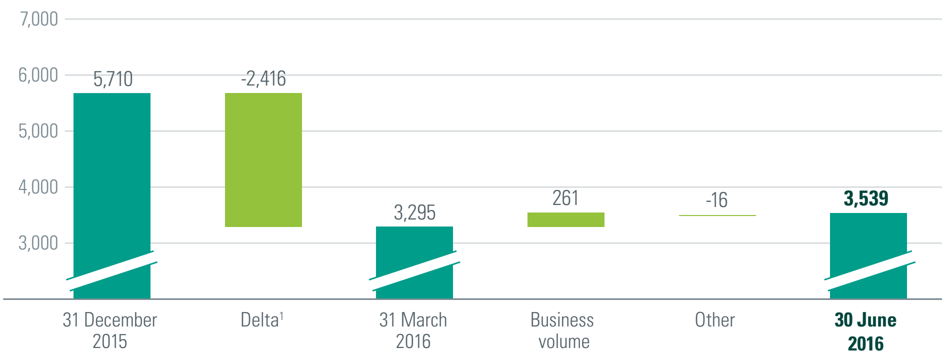
Market risk

ABN AMRO is exposed to market risk in its trading book and banking book.

Market risk in the trading book

ABN AMRO has limited exposure in the trading book.

RWA (REA) flow statement market risk
(in millions)



Second-quarter developments

RWA (REA) for market risk increased slightly to EUR 3.5 billion at 30 June 2016, up by EUR 0.2 billion from 31 March 2016, mainly as a result of business volume related to market volatility.

Developments in the first six months of 2016

RWA (REA) for market risk dropped significantly to EUR 3.5 billion at 30 June 2016, compared with EUR 5.7 billion at 31 December 2015. This decline was mainly the result of the use of the Internal Model Approach (IMA) as from 1 January 2016 for EUR 2.6 billion, partly offset by business volume.

Internal aggregated diversified and undiverisified VaR for all trading positions

	Q2 2016		Q2 2015		Q1 2016	
(in millions)	Diversified	Undiversified	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	2.1	3.8	5.8	6.7	3.0	5.6
Highest VaR	6.5	8.6	12.7	14.8	4.0	6.7
Lowest VaR	2.0	3.1	4.7	6.6	1.9	3.0
Average VaR	2.9	5.1	7.2	9.2	3.0	4.4

In the second quarter of 2016, the diversified VaR decreased by EUR 3.7 million compared with the same period last year.

The average diversified VaR decreased by EUR 4.3 million in this period. The decrease was due, among other things, to the unwinding of positions in the trading book.

The average VaR for Q2 2016 was EUR 0.1 million lower than the average of the previous quarter.

Market risk in the banking book

Market risk in the banking book is the risk that the bank's value or earnings decline because of unfavourable market movements. The market risk of the banking book consists predominantly of interest rate risk. Interest rate risk arises from holding loans with different interest rate maturities than the interest rate maturities of the savings and funding of the bank.

The assets have on average a longer behavioural maturity than the liabilities, especially savings. ABN AMRO uses a combination of portfolio (macro) hedges and specific asset or liability (micro) hedges to swap fixed interest rates to a floating interest rate position. The resulting interest rate position, after application of interest rate hedges, is in line with the bank's strategy and risk appetite.

Interest rate risk metrics

	30 June 2016	31 March 2016	31 December 2015
NII-at-risk (in %)	2.3	2.4	1.3
Duration of equity (in years)	4.0	4.1	3.6

NII-at-Risk is defined as the worst outcome of two scenarios: a gradual increase in interest rates and a gradual decline in interest rates by 200bps. A floor on interest rates is assumed in the falling rates scenario.

NII-at-Risk in Q2 2016 decreased from 2.4% to 2.3% (approximately EUR 130 million) and, like in the previous quarter, reflects a reduction of NII in the falling rates scenario. In a scenario reflecting a rise in interest rates NII would increase by 3.0% (approximately EUR 170 million). ABN AMRO is investigating refinements to the NII-at-Risk methodology to better reflect the effects of the current low rate environment. This is expected to result in lower sensitivities.

Duration of equity decreased from 4.1 to 4 years in Q2 2016. In H1 2016 duration of equity increased from 3.6 to 4 years, driven by business development.

Liquidity risk

Liquidity indicators

	30 June 2016	31 March 2016	31 December 2015
Loan-to-Deposit ratio	108%	109%	108%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Survival period (moderate stress)	> 12 months	> 12 months	>12 months
Available liquidity buffer (in billions)	79.6	76.0	82.8

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% in the first half of 2016. This is in line with the bank's targeted early compliance with future regulatory requirements.

The survival period reflects the period that the bank's liquidity position is expected to remain positive in an internal stress scenario. In this internal stress scenario it is assumed that wholesale funding markets deteriorate and retail and commercial clients withdraw a part of their deposits. The survival period was consistently >12 months in the first half of 2016.

Loan-to-Deposit ratio

(in millions)	30 June 2016	31 March 2016	31 December 2015
Loans and receivables - customers	271,456	281,482	274,842
Net adjustments	-4,041	-3,660	-1,737
Adjusted loans and receivables - customers	**267,415**	**277,822**	**273,105**
Due to customers	240,942	247,709	245,819
Net adjustments	7,270	7,235	6,216
Adjusted due to customers	**248,211**	**254,944**	**252,035**
Loan-to-Deposit ratio	**108%**	**109%**	**108%**

The adjustment of notional cash pooling has led to a slightly lower LtD ratio. Applying the change in accounting policy retrospectively has led to an adjustment resulting in an increase of the Corporate loan balance and the Due to customers balance of EUR 5.6 billion for 30 June 2016.

The impact on the 31 December 2015 and 31 March 2016 Corporate loan balance and Due to customers balance is an increase of EUR 15.5 billion for 31 December 2015 and an increase of EUR 17.8 billion for 31 March 2016 (more information is provided in note 1 Accounting policies). The impact on the LtD ratio was limited to minus 1% for 31 December 2015 and 31 March 2016 and close to zero for 30 June 2016.

The Loan-to-Deposit (LtD) ratio was stable during the first half of 2016. The LtD ratio slightly increased to 109% in the first quarter of 2016, compared with 108% at 31 December 2015. During the second quarter the LtD ratio moved back to 108%.

Corrected for the impact of notional cash pooling (EUR 5.6 billion for 30 June 2016 and EUR 15.5 billion for 31 December 2015), Adjusted loans and receivables - customers increased by EUR 4.2 billion from EUR 257.6 billion at 31 December 2015 to EUR 261.8 billion at 30 June 2016. This was mainly due to higher outstanding client loans within Corporate Banking. Adjusted due to customers grew by EUR 6.1 billion from EUR 236.5 billion at 31 December 2015 to EUR 242.6 billion at 30 June 2016. Most of the deposit growth came from Retail Banking and Corporate Banking.

Liquidity buffer composition

	30 June 2016		31 March 2016		31 December 2015	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	11.5	11.5	22.1	22.1	24.4	24.4
Government bonds	32.2	33.1	29.5	30.2	26.0	26.9
Covered bonds	2.0	1.8	1.3	1.3	1.4	1.3
Retained RMBS	24.3		13.9		24.0	
Third party RMBS	2.2	1.9	1.6	1.4	0.7	0.6
Other	7.4	7.1	7.6	8.1	6.3	3.3
Total liquidity buffer	**79.6**	**55.3**	**76.0**	**63.1**	**82.8**	**56.5**
- of which in EUR	91.9%		95.3%		94.1%	
- of which in other currencies	8.1%		4.7%		5.9%	

[1] The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.

The liquidity buffer largely consists of cash and deposits at central banks, government bonds and retained RMBS. Most of the securities in the liquidity buffer, with the exception of retained RMBS, are eligible for the LCR. The haircuts used to determine the liquidity value in the internal assessment of the liquidity buffer deviate from Basel III regulations. This explains the differences between the liquidity values. For government bonds, the internal haircut is higher than the haircut based on Basel III regulations. As a result, the liquidity buffer value for government bonds is lower than the LCR eligible amount.

The liquidity buffer decreased by EUR 3.2 billion during the first six months of 2016, arriving at EUR 79.6 billion at 30 June 2016. The cash position decreased mainly due to a conversion of cash into financial investments and as a result of repayment of Targeted Long-Term Refinancing Operations (TLTRO I). Government bonds increased partly due to the inclusion of off-balance sheet positions consisting of LCR eligible government bonds in the first quarter of 2016. The decrease of the liquidity buffer at 31 March 2016 was due to a temporary decrease in retained RMBS. Part of the retained RMBS were called and re-issued in March 2016. These new notes could only be included in the liquidity buffer when DNB earmarked them as eligible for inclusion in the buffer. The timing effect caused a temporary decline in the liquidity value of the retained RMBS portfolio in the first quarter of 2016.

Funding

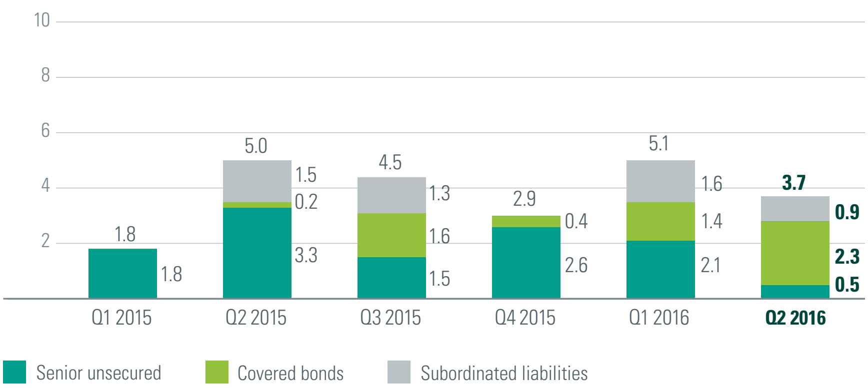
ABN AMRO's strategy for wholesale funding is derived from the bank's moderate risk profile. This strategy aims to optimise and diversify the bank's funding sources in order to maintain market access and reach the targeted funding position. We aim to have a balance sheet with a diverse, stable and cost-efficient funding base.

Client deposits are a source of funding, complemented by a well-diversified portfolio of wholesale funding. Excluding the impact of notional cash pooling, client deposits amounted to EUR 235.3 billion at 30 June 2016, up by EUR 5.0 billion from EUR 230.3 billion at 31 December 2015 (more information is provided in note 1 Accounting policies). Total wholesale funding (as defined by issued debt plus subordinated liabilities) amounted to EUR 87.7 billion at 30 June 2016 compared with EUR 85.9 billion at 31 December 2015.

Long-term funding raised

Long-term funding raised in the first six months of 2016 amounted to EUR 8.8 billion, of which 24% was raised in non-euro currencies. This includes EUR 3.7 billion of covered bonds and EUR 2.4 billion of Tier 2 capital instruments. The relatively high amount of covered bond issuance is in line with the growing demand for mortgages with long-term fixed interest rate periods. Long-term covered bonds mitigate liquidity repricing risk due to mortgages with long-term fixed interest rate periods. ABN AMRO issued a EUR 0.5 billion Green Bond in the second quarter of 2016. These instruments are included in the funding overview below. More information on capital instruments is provided in the Capital management section of this report.

Long-term funding raised in 2015 and 2016
(notional amounts, in billions)



Overview of funding types

A key goal of the funding strategy is to diversify funding sources. The available funding programmes allow us to issue various instruments in different currencies and markets, enabling us to diversify our investor base.

A description of capital and funding instruments issued by ABN AMRO is provided on our website, abnamro.com. We continuously assess our wholesale funding base in order to determine the optimal use of funding sources.

The main types of wholesale funding can be specified as follows:

(in millions)	30 June 2016	31 March 2016	31 December 2015
Euro Commercial Paper	655	1,377	1,326
London Certificates of Deposit	3,060	4,997	3,744
French Certificats de Dépôt	19	426	164
US Commercial Paper	4,493	4,356	4,585
Total Commercial Paper/Certificates of Deposit	**8,226**	**11,155**	**9,820**
Senior unsecured (medium-term notes)	35,058	37,300	37,404
Covered bonds	30,219	27,926	25,956
Securitisations	2,950	2,950	2,968
Saving certificates	51	51	59
Total issued debt	**76,505**	**79,383**	**76,207**
Subordinated liabilities	11,214	10,106	9,708
Total wholesale funding	**87,719**	**89,489**	**85,915**
Other long-term funding[1]	1,834	5,843	6,813
Total funding instruments[2]	**89,553**	**95,332**	**92,728**
- of which CP/CD matures within one year	8,226	11,155	9,820
- of which funding instruments (excl. CP/CD) matures within one year	10,967	11,936	12,044
- of which matures after one year	70,359	72,241	70,865

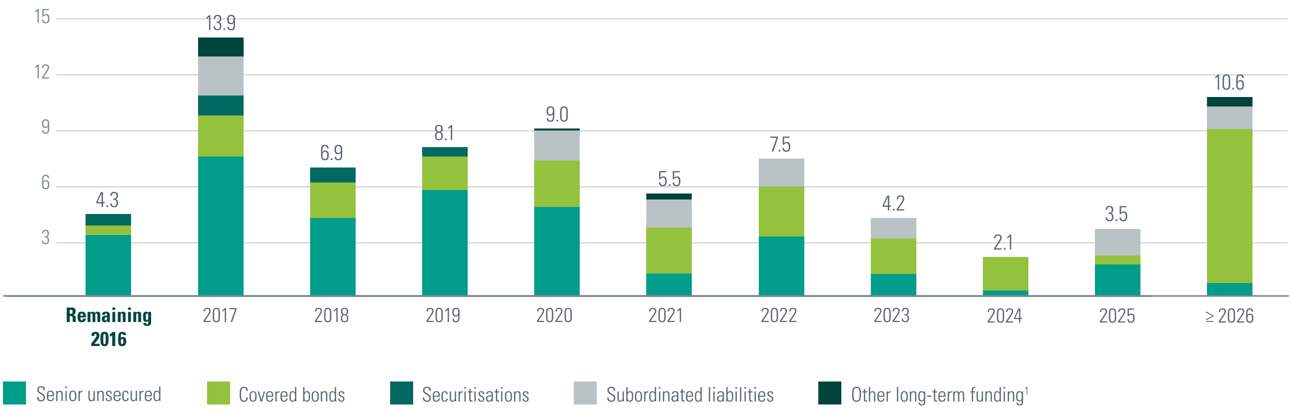
[1] Includes long-term repos (recorded in Securities financing), TLTRO funding (recorded in Due to banks, however redeemed in second quarter 2016) and funding with the Dutch State as counterparty (recorded in Due to customers).
[2] Includes FX effects, fair value adjustments and interest movements.

Total wholesale funding (issued debt and subordinated liabilities) increased by EUR 1.8 billion, resulting in EUR 87.7 billion on 30 June 2016 from EUR 85.9 billion on 31 December 2015. This was mainly due to an increase in subordinated liabilities.

Maturity calendar

Maturity calendar at 30 June 2016

(notional amounts, in billions)



[1] Other long-term funding includes long-term repos and funding with the Dutch State as counterparty.

(notional amounts, in billions)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	≥ 2026	Total
												30 June 2016
Senior unsecured	3.3	7.5	4.2	5.7	4.8	1.2	3.2	1.2	0.3	1.7	0.7	33.8
Covered bonds	0.5	2.2	1.9	1.8	2.5	2.5	2.7	1.9	1.8	0.5	8.3	26.6
Securitisations	0.6	1.1	0.8	0.5								3.0
Subordinated liabilities		2.1			1.6	1.5	1.5	1.1		1.4	1.2	10.4
Other long-term funding[1]		1.0			0.1	0.3					0.5	1.8
Total	**4.3**	**13.9**	**6.9**	**8.1**	**9.0**	**5.5**	**7.5**	**4.2**	**2.1**	**3.5**	**10.6**	**75.6**

[1] Other long-term funding includes long-term repos and funding with the Dutch State as counterparty.

The average remaining maturity of the total outstanding long-term wholesale funding was 4.8 years on 30 June 2016, an increase compared with 31 December 2015 (4.6 years). This was caused mainly by the issuance of Tier 2 capital instruments and long-term covered bonds in the first half of 2016.

The maturity calendar assumes redemption on the earliest possible call date or the legal maturity date. Early redemption of subordinated instruments is subject to the approval of the regulators. However, this does not mean that the instruments will be called at the earliest possible call date.

In 2014, ABN AMRO participated in the first series of Targeted Long-Term Refinancing Operations (TLTRO I), which is the ECB's programme to support lending to the real economy. In April 2016, the ECB announced a voluntary repayment option of TLTRO I in June 2016 and a new series of Targeted Long-Term Refinancing Operations (TLTRO II). ABN AMRO participated in TLTRO I for a total amount of EUR 4.0 billion and fully repaid this amount in June 2016. The original due date was 2018.

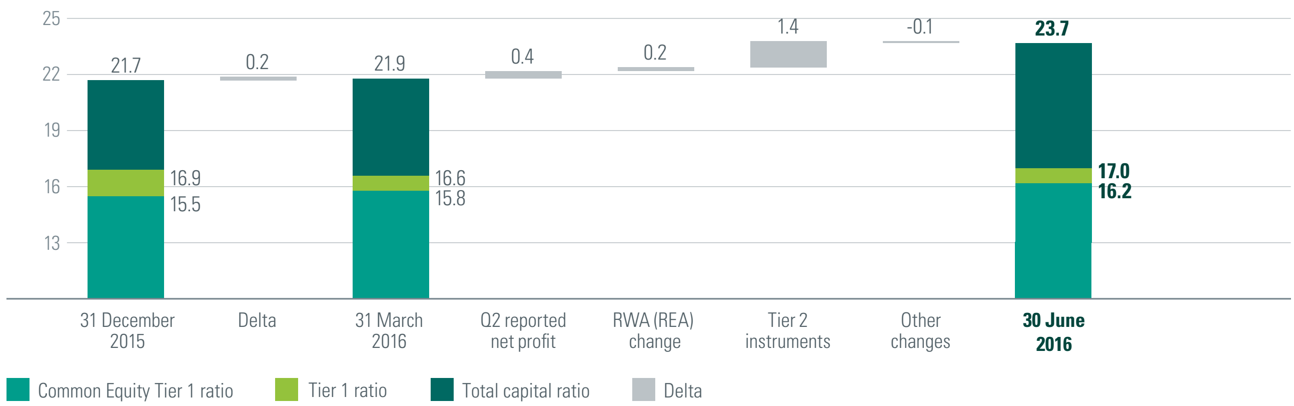
Capital management

ABN AMRO's solid capital position ensures that the bank is compliant with the fully-loaded capital requirements of the Capital Requirements Directive IV (CRD IV). The overall capital base increased substantially during the second quarter due to accumulated profit and Tier 2 issuances. The bank strives to optimise its capital structure in anticipation of pending regulatory requirements. The capital structure consists mainly of common equity and highly loss-absorbing capital to cover unexpected losses. The subordination of specific capital instruments provides further protection to senior creditors.

Regulatory capital structure

(in millions)	30 June 2016	31 March 2016	31 December 2015
Total equity (EU IFRS)	**17,960**	**17,963**	**17,584**
Cash flow hedge reserve	1,148	1,091	1,056
Dividend reserve	-376	-626	-414
Capital securities	-993	-993	-993
Other regulatory adjustments	-525	-486	-466
Common Equity Tier 1	**17,213**	**16,949**	**16,768**
Innovative hybrid capital instruments			700
Capital securities	993	993	993
Other regulatory adjustments	-150	-148	-234
Tier 1 capital	**18,056**	**17,794**	**18,226**
Subordinated liabilities Tier 2	7,137	5,612	4,938
Excess Tier 1 capital recognised as Tier 2 capital			300
Other regulatory adjustments	-39	-17	-33
Total regulatory capital	**25,155**	**23,390**	**23,431**
Total risk-weighted assets (risk exposure amount)	**106,137**	**107,025**	**108,001**
Common Equity Tier 1 ratio	16.2%	15.8%	15.5%
Tier 1 ratio	17.0%	16.6%	16.9%
Total capital ratio	23.7%	21.9%	21.7%
Common Equity Tier 1 capital (fully-loaded)	17,196	16,933	16,695
Common Equity Tier 1 ratio (fully-loaded)	16.2%	15.8%	15.5%
Tier 1 capital (fully-loaded)	18,189	17,926	17,688
Tier 1 ratio (fully-loaded)	17.1%	16.8%	16.4%
Total capital (fully-loaded)	23,477	21,732	20,624
Total capital ratio (fully-loaded)	22.1%	20.3%	19.1%

Developments impacting capital ratios in Q2 2016
(in %)



At 30 June 2016, the phase-in Common Equity Tier 1, Tier 1 and Total Capital ratios were 16.2%, 17.0% and 23.7% respectively. All capital ratios were well above regulatory minimum requirements and in line with the bank's risk appetite and strategic ambitions. ABN AMRO's CET1 ratio strengthened during the second quarter, as a result of profit accumulation and a reduction of RWA. The fully-loaded Common Equity Tier 1, fully-loaded Tier 1 and fully-loaded Total Capital ratios increased to 16.2%, 17.1% and 22.1% respectively during the second quarter of 2016.

The group level RWA (REA) decreased by EUR 0.9 billion compared with 31 March 2016, to EUR 106.1 billion at 30 June 2016. More information on RWA (REA) is provided in the Risk section of this report.

Compared to 31 December 2015, all risk-weighted capital ratios have materially increased. In the first quarter of 2016, ABN AMRO redeemed two grandfathered instruments which had a remaining eligibility for regulatory capital of EUR 1.2 billion at 31 December 2015. Specifically, the bank redeemed a GBP 150 million Tier 2 instrument and a EUR 1.0 billion Tier 1 instrument (of which EUR 700 million was eligible for Tier 1 and EUR 300 million was eligible for Tier 2 capital at 31 December 2015). Profit accumulation, an RWA decrease, and Tier 2 issuances have more than compensated for these redemptions, leading to a 0.7% increase in the fully-loaded Common Equity Tier 1 and Tier 1 ratios, and a 3.0% increase in the fully-loaded Total Capital ratio in the first half of 2016.

In 2016, ABN AMRO will be required to meet a minimum CET1 ratio of 10.25% on a consolidated basis, which is composed of a 9.5% SREP requirement and a 0.75% phase-in of the systemic risk buffer (SRB). The SRB is expected to grow by 0.75 percentage points per annum up to 3.0% in 2019. The 9.5% CET1 requirement for 2016 includes the capital conservation buffer. ABN AMRO is comfortably above the 10.25% minimum, with phase-in CET1 at 16.2% at 30 June 2016.

To strengthen the bank's capital base, ABN AMRO successfully executed two Tier 2 issuances in March: a USD 0.3 billion 15-year bullet in Taiwan and an SGD 0.45 billion callable instrument. Although these instruments were issued in March, the settlement period extended into April, hence these instruments are included in the capital base per Q2 2016. Additionally, ABN AMRO issued a USD 1.0 billion 10-year bullet in April. This Tier 2 issuance further strengthens the subordinated capital buffers.

Dividend

Over the full year 2016, ABN AMRO intends to pay a dividend of 45% of the reported net profit attributable to shareholders, of which EUR 376 million will be paid out shortly as interim dividend.

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Leverage ratio

(in millions)	30 June 2016 Phase-in	30 June 2016 Fully-loaded	31 March 2016 Fully-loaded	31 December 2015 Fully-loaded
Tier 1 capital	**18,056**	**18,189**	**17,926**	**17,688**
Exposure measure (under CDR)				
On-balance sheet exposures	418,940	418,940	432,945	405,840
Off-balance sheet exposures	28,818	28,818	28,790	29,183
On-balance sheet netting	13,350	13,350	11,449	11,098
Derivative exposures	40,789	40,789	28,686	31,541
Securities financing exposures	2,553	2,553	2,426	1,317
Other regulatory measures	-18,136	-18,019	-18,045	-14,322
Exposure measure	**486,314**	**486,431**	**486,251**	**464,657**
Leverage ratio (CDR)	**3.7%**	**3.7%**	**3.7%**	**3.8%**

The CRR introduced a non-risk based leverage ratio to be monitored until 2017 and to be further refined and calibrated before becoming a binding measure as from 2018. The Commission Delegated Regulation (CDR), applicable since 1 January 2015, amended the definition of the leverage ratio to enhance comparability of leverage ratio disclosures. The Group aims for at least a 4% leverage ratio by year-end 2018, to be achieved by issuance of AT1 instruments, management of the exposure measure and profit retention.

At 30 June 2016, the Group had a CDR fully-loaded leverage ratio of 3.7%. The leverage ratio remained stable compared with the first quarter of 2016, as movements in the exposure measure have largely offset each other. On-balance exposures decreased with EUR 14.0 billion, primarily driven by adjusted netting procedures for a number of notional cash pooling contracts in order to meet the revised offsetting requirements as well as a replacement of some of the notional cash pooling contracts with alternative arrangements. More information on the amended offsetting policy is provided in note 1 Accounting policies in the Condensed Consolidated Interim Financial Statements. Derivatives exposure increased by EUR 12.1 billion in the second quarter primarily due to a seasonal pattern in the clearing guarantees position.

The fully-loaded leverage ratio decreased from 3.8% at 31 December 2015 to 3.7% at 30 June 2016. The decrease can be attributed to seasonal volatility of the balance sheet, which was partly offset by profit accumulation in the first half of the year.

On 6 April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document are the change in the calculation of the derivative exposures and the credit conversion factors for off-balance sheet items. The revised calculation method of derivative exposures could potentially result in a decrease of the exposure measure for clearing guarantees. This decrease would amount to approximately EUR 52 billion, or a 45bps increase in the fully-loaded leverage ratio at 30 June 2016. An adjustment of credit conversion factors for off-balance sheet exposures, for example unconditionally cancellable commitments, will partly offset this potential increase.

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MREL

(in millions)	30 June 2016	31 March 2016	31 December 2015
Regulatory capital	25,155	23,390	23,431
Other MREL eligible capital[1]	3,124	3,151	3,162
Total assets[2]	418,940	415,128	390,317
MREL[3]	6.8%	6.4%	6.8%

1 Other MREL eligible capital includes subordinated liabilities that are not included in regulatory capital.
2 For management view purposes the historical periods before 30 June 2016 have not been adjusted for the accounting policy change with regard to Notional cash pooling (for further details please refer to note 1 in the Interim Financial Statements).
3 MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilites divided by total IFRS assets.

The Bank Recovery and Resolution Directive (BRRD) provides authorities with more comprehensive and effective measures to deal with failing banks. Implementation of the BRRD in the European Union began in 2015 and the bail-in framework has been applicable since January 2016. Implementation of the bail-in framework has led to the introduction of additional loss-absorbing measures, such as the Minimum Requirement for own funds and Eligible Liabilities (MREL).

The Group is monitoring pending regulatory requirements in relation to MREL and aims for at least 8% MREL by year-end 2018 (through subordinated debt and profit retention). Final MREL terms will determine the precise measures to be undertaken to comply with a future MREL requirement. At 30 June 2016, the Group had a 6.8% MREL (solely based on Own funds and Other subordinated liabilities). MREL increased by 0.4% compared with the previous quarter, driven by three T2 issuances: a USD 0.3 billion 15-year bullet in Taiwan, a SGD 0.45 billion callable instrument in March and a USD 1.0 billion 10-year bullet in April. The instruments that were issued in March are included in regulatory capital per Q2, as the settlement period extended into April.

ABN AMRO expects to continue to issue new capital instruments to further enhance its buffer of loss-absorbing instruments above 8% in 2018 in view of scheduled amortisations, MREL and any other regulatory changes.

Regulatory capital developments

CRD IV and CRR set the framework for implementation of Basel III in the European Union. CRD IV and CRR have been phased in since 1 January 2014 and will be fully effective by January 2019.

Also commonly referred to as Basel IV, the Basel Committee on Banking Supervision has presented two consultative papers on a revision of the Standardised Approach and the design of a capital floor framework based on this revised Standardised Approach. This framework will replace the current transitional floor based on the Basel I standard. The aim of the revised capital floor framework is to enhance the reliability and comparability of risk-weighted capital ratios. Revision of the Standardised Approach for Residential Real Estate and SMEs in combination with revision of the capital floors implies a potential significant risk-weighted assets inflation risk for ABN AMRO.

Regulatory developments, such as the Basel proposal (especially with respect to risk-weighting of mortgages and corporate loans) and increasing capital requirements set by the regulators, could have a significant impact on the bank's capital position going forward. Hence, ABN AMRO will continue to focus on capital efficiency and further strengthen its capital position.

Although Total Loss-Absorbing Capacity (TLAC) is currently not applicable to the bank, ABN AMRO continues to monitor TLAC requirements following publication of the final terms in November 2015. The final terms for TLAC are considered to be in line with the current ambition to steer MREL to 8%, while further convergence between TLAC and MREL requirements is anticipated.

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the members of the Managing Board state that to the best of their knowledge:

- The Condensed Consolidated Interim Financial Statements, for the six-month period ending on 30 June 2016, give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Group N.V. and the companies included in the consolidation; and
- The Interim Report, for the six-month period ending on 30 June 2016, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of ABN AMRO Group N.V. and the companies included in the consolidation.

Amsterdam, 16 August 2016

The Managing Board

Gerrit Zalm, Chairman
Johan van Hall, Vice-Chairman
Kees van Dijkhuizen, Member
Caroline Princen, Member
Wietze Reehoorn, Member
Chris Vogelzang, Member
Joop Wijn, Member

Condensed Consolidated Interim Financial Statements 2016

Certain IFRS disclosures in the Risk, funding & capital information section are labelled as 'Reviewed' in the respective headings. These disclosures are an integral part of the Condensed Consolidated Interim Financial Statements and are covered by the Review opinion.

Condensed Consolidated income statement

(in millions)	Note	First half 2016	First half 2015
Income			
Interest income		6,371	6,724
Interest expense		3,253	3,668
Net interest income		**3,118**	**3,056**
Fee and commission income		1,540	1,510
Fee and commission expense		674	585
Net fee and commission income		**866**	**926**
Net trading income		-343	54
Share of result in equity accounted investments		26	12
Other operating income		145	246
Operating income	4	**3,811**	**4,294**
Expenses			
Personnel expenses		1,234	1,233
General and administrative expenses		1,258	1,148
Depreciation and amortisation of tangible and intangible assets		86	84
Operating expenses	5	**2,579**	**2,465**
Impairment charges on loans and other receivables		56	287
Total expenses		**2,635**	**2,752**
Operating profit/(loss) before taxation		**1,176**	**1,542**
Income tax expense	6	310	398
Profit/(loss) for the period		**866**	**1,144**
Attributable to:			
Owners of the company		865	1,142
- of which available for AT 1 capital securities		22	
Non-controlling interests		1	1

Condensed Consolidated statement of comprehensive income

(in millions)	First half 2016	First half 2015
Profit/(loss) for the period	**866**	**1,144**
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement gains / (losses) on defined benefit plans	-11	-4
Items that will not be reclassified to the income statement before taxation	**-11**	**-4**
Income tax relating to items that will not be reclassified to the income statement	-3	-1
Items that will not be reclassified to the income statement after taxation	**-8**	**-3**
Items that may be reclassified to the income statement		
Currency translation reserve	-25	118
Available-for-sale reserve	110	46
Cash flow hedge reserve	-122	-14
Share of other comprehensive income of associates	-7	18
Other changes		-4
Other comprehensive income for the period before taxation	**-44**	**164**
Income tax relating to components of other comprehensive income	-4	7
Other comprehensive income for the period after taxation	**-40**	**157**
Total comprehensive income/(expense) for the period after taxation	**818**	**1,297**
Total comprehensive income attributable to:		
Owners of the company	817	1,296
- of which available for AT 1 capital securities	22	
Non-controlling interests	1	1

Condensed Consolidated statement of financial position

(in millions)	Note	30 June 2016	31 December 2015
Assets			
Cash and balances at central banks		12,773	26,195
Financial assets held for trading	7	4,459	1,706
Derivatives	8	23,350	19,138
Financial investments	9	46,392	40,542
Securities financing	10	34,460	20,062
Loans and receivables - banks	12	17,152	15,680
Residential mortgages	13	149,866	150,009
Consumer loans	13	14,171	14,587
Corporate loans	13	98,738	103,889
Other loans and receivables - customers	13	8,680	6,357
Equity accounted investments		783	778
Property and equipment		1,362	1,366
Goodwill and other intangible assets		257	263
Tax assets		772	345
Other assets		5,724	4,925
Total assets		**418,940**	**405,840**
Liabilities			
Financial liabilities held for trading	7	1,990	459
Derivatives	8	27,016	22,425
Securities financing	10	23,132	11,372
Due to banks	15	12,214	14,630
Demand deposits	16	128,071	134,632
Saving deposits	16	93,402	92,472
Time deposits	16	19,312	18,555
Other due to customers	16	157	160
Issued debt	17	76,505	76,207
Subordinated liabilities	17	11,214	9,708
Provisions	18	1,425	1,256
Tax liabilities		111	650
Other liabilities		6,433	5,729
Total liabilities		**400,981**	**388,255**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		3,494	3,059
Other comprehensive income		-442	-394
Equity attributable to owners of the parent company		**16,962**	**16,575**
Capital securities		993	993
Equity attributable to non-controlling interests		5	17
Total equity		**17,960**	**17,584**
Total liabilities and equity		**418,940**	**405,840**
Committed credit facilities	19	21,830	21,559
Guarantees and other commitments	19	13,883	13,868

Condensed Consolidated statement of changes in equity

(in millions)	Share capital	Share premium reserve	Other reserves including retained earnings	Other comprehensive income	Net profit/ (loss) attributable to shareholders	Total	Capital securities	Non-controlling interests	Total equity
Balance at 1 January 2015	**940**	**12,970**	**635**	**-814**	**1,134**	**14,865**		**12**	**14,877**
Total comprehensive income			-4	157	1,142	1,296		1	1,297
Transfer			1,134		-1,134				
Dividend			-275			-275			-275
Balance at 30 June 2015	**940**	**12,970**	**1,490**	**-657**	**1,142**	**15,885**		**14**	**15,899**
Balance at 1 January 2016	**940**	**12,970**	**1,140**	**-394**	**1,919**	**16,575**	**993**	**17**	**17,584**
Total comprehensive income				-48	865	817		1	818
Transfer			1,919		-1,919				
Dividend			-414			-414		-12	-426
Interest AT 1 capital securities			-22			-22			-22
Other changes in equity			5			5			5
Balance at 30 June 2016	**940**	**12,970**	**2,629**	**-442**	**865**	**16,962**	**993**	**5**	**17,960**

Specification of other comprehensive income is as follows:

(in millions)	Remeasurement gains / (losses) on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 January 2015	**-38**	**36**	**329**	**-1,223**	**82**	**-814**
Net gains/(losses) arising during the period	-4	118	62	-47	18	146
Less: Net realised gains/(losses) included in income statement			15	-33		-17
Net gains/(losses) in equity	-4	118	46	-14	18	163
Related income tax	-1		11	-3		6
Balance at 30 June 2015	**-42**	**153**	**365**	**-1,233**	**100**	**-657**
Balance at 1 January 2016	**-41**	**137**	**473**	**-1,056**	**93**	**-394**
Net gains/(losses) arising during the period	-11	-25	229	-106	-7	80
Less: Net realised gains/(losses) included in income statement			119	16		134
Net gains/(losses) in equity	**-11**	**-25**	**110**	**-122**	**-7**	**-55**
Less: Related income tax	-3		27	-30		-7
Balance at 30 June 2016	**-49**	**112**	**556**	**-1,148**	**86**	**-442**

2016

Total comprehensive income amounted to EUR 818 million and includes EUR 865 million realised profit for the first half year 2016, EUR 48 million unrealised losses and EUR 1 million on non-controlling interests.

Transfer includes the allocation of the profit/loss of the prior period to the other reserves.

A final dividend of EUR 413.6 million was paid out to ordinary shareholders bringing the total dividend over 2015 to EUR 763.6 million. From the final dividend of EUR 413.6 million EUR 95.1 million was paid in respect of depositary receipts for ordinary shares.

2015

Total comprehensive income amounted to EUR 1,297 million and includes EUR 1,142 million realised profit for first half year 2015, EUR 157 million unrealised profit and EUR 1 million on non-controlling interests.

Transfer includes the allocation of the profit/loss of the prior period to the other reserves.

A final dividend of EUR 275 million was paid out to ordinary shareholders bringing the total dividend regarding 2014 to EUR 400 million.

Condensed Consolidated statement of cash flows

The following table shows the determination of cash and cash equivalents.

(in millions)	First half 2016	First half 2015
Profit/(loss) for the period	**866**	**1,144**
Adjustments on non-cash items included in profit:		
(Un)realised gains/(losses)	120	-4
Share of profits in associates and joint ventures	-28	-17
Depreciation, amortisation and accretion	186	157
Provisions and impairment losses	494	335
Income tax expense	310	398
Changes in operating assets and liabilities:		
Assets held for trading	-2,754	2,460
Derivatives - assets	-4,208	3,928
Securities financing - assets	-14,564	-15,848
Loans and receivables - banks	-1,949	7,629
Residential mortgages	56	305
Consumer loans	334	421
Corporate loans	4,847	-9,357
Other loans and receivables - customers	-2,357	-1,388
Other assets	-421	-493
Liabilities held for trading	1,531	-335
Derivatives - liabilities	4,606	-6,226
Securities financing - liabilities	11,845	7,989
Due to banks	-2,391	2,047
Demand deposits	-6,047	12,756
Saving deposits	955	5,841
Time deposits	934	1,164
Other due to customers	-3	71
Liabilities arising from insurance and investment contracts	-214	-113
Net changes in all other operational assets and liabilities	-754	-114
Dividend received from associates	63	44
Income tax paid	-1,260	-164
Cash flow from operating activities	**-9,805**	**12,629**

continued >

(in millions)	First half 2016	First half 2015
Investing activities:		
Purchases of financial investments	-12,907	-9,896
Proceeds from sales and redemptions of financial investments	8,576	10,268
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	-17	-25
Divestments of subsidiaries (net of cash sold), associates and joint ventures	31	33
Purchases of property and equipment	-168	-112
Proceeds from sales of property and equipment	40	107
Purchases of intangible assets	-13	-20
Cash flow from investing activities	**-4,459**	**354**
Financing activities:		
Proceeds from the issuance of debt	14,451	20,856
Repayment of issued debt	-14,863	-19,153
Proceeds from subordinated liabilities issued	2,618	1,492
Repayment of subordinated liabilities issued	-1,342	-3
Dividends paid to the owners of the parent company	-414	-275
Dividends paid to non-controlling interests	-12	
Cash flow from financing activities	**439**	**2,917**
Net increase/(decrease) of cash and cash equivalents	-13,825	15,900
Cash and cash equivalents as at 1 January	30,551	4,212
Effect of exchange rate differences on cash and cash equivalents	-35	111
Cash and cash equivalents as at 30 June	**16,692**	**20,223**
Supplementary disclosure of operating cash flow information		
Interest paid	4,060	3,756
Interest received	6,589	7,411
Dividend received excluding associates	5	47

(in millions)	30 June 2016	30 June 2015
Cash and balances at central banks	12,773	15,132
Loans and receivables banks (less than 3 months)[1]	3,918	5,091
Total cash and cash equivalents	**16,692**	**20,223**

[1] Loans and receivables banks with an original maturity less than 3 months is included in Loans and receivables - banks. See note 12.

Notes to the Condensed Consolidated Interim Financial Statements

1 Accounting policies

The notes to the Condensed Consolidated Interim Financial Statements, including the reviewed sections in the Risk, funding & capital information section, are an integral part of these Condensed Consolidated Interim Financial Statements.

Corporate information

ABN AMRO Group N.V. (referred to as 'ABN AMRO Group') is the parent company of ABN AMRO Bank N.V. and a related consolidated group of companies (referred to as 'the Group' or 'ABN AMRO'). ABN AMRO Group is a public limited liability company, incorporated under Dutch law on 18 December 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

As at 30 June 2016, all shares in the capital of ABN AMRO Group are held by two foundations: NLFI and STAK AAG. On that date, NLFI held 77% and STAK AAG held 23% of the shares in the issued capital of ABN AMRO Group. Both foundations have issued depositary receipts for shares in ABN AMRO Group. Only STAK AAG's depositary receipts are issued with the cooperation of ABN AMRO group and traded on Euronext Amsterdam.

ABN AMRO provides a broad range of financial services to retail, private and corporate banking clients. These activities are conducted primarily in the Netherlands and selectively abroad.

The Condensed Consolidated Interim Financial Statements of ABN AMRO Group for the six months ending on 30 June 2016 incorporate financial information of ABN AMRO Group N.V., its controlled entities, interests in associates and joint ventures. The Condensed Consolidated Interim Financial Statements were prepared by the Managing Board and authorised for issue by the Supervisory Board and Managing Board on 16 August 2016.

Basis of presentation

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting (endorsed by the European Union (EU)).

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Group's 2015 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies used in these Condensed Consolidated Interim Financial Statements are consistent with those set out in the notes to the 2015 Consolidated Annual Financial Statements of ABN AMRO Group, except for the changes in accounting policies described in this chapter.

The Condensed Consolidated Interim Financial Statements are presented in euros, which is ABN AMRO Group's presentation currency, rounded to the nearest million (unless otherwise noted). Certain figures in these Condensed Consolidated Interim Financial Statements may not tally exactly due to rounding.

Changes in accounting policies

In the first half of 2016 ABN AMRO adopted the following amendments and interpretations:
IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements

- IAS 1 Presentation of Financial Statements: Disclosure Initiative
- Annual Improvements to IFRSs 2012–2014 Cycle
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

None of the above amendments has a significant impact on the Condensed Consolidated Interim Financial Statements.

Offsetting treatment of notional cash pool agreements

In the second quarter ABN AMRO implemented an adjustment to its offsetting policy. ABN AMRO offsets balances if there is legal 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. As a result of an IFRIC rejection notice issued on 6 April 2016, ABN AMRO changed its accounting policies for offsetting of cash pool arrangements to be able to continue to apply netting in compliance with IFRS. Also, changes in procedures and contractual arrangements were made. As a result, notional cash pool balances that cannot be supported with a settlement of those balances closely after reporting date are presented gross.

For the second quarter this resulted in an increase of the Loans and receivables - customers balance and the Due to customers balance of EUR 5.6 billion. The impact on the comparative 31 December 2015 Loans and receivables - customers balance and Due to customers balance is EUR 15.5 billion. The majority of this decrease of EUR 9.9 billion in Loans and receivables - customers and Due to customers in the first half of 2016 can be explained by adjusted netting procedures for a number of notional cash pooling contracts in order to meet the revised offsetting requirements as well as a replacement of some of the notional cash pooling contracts with alternative arrangements.

New accounting standards and amendments

The following standards and amendments have been issued by the IASB, but are not yet effective for those Condensed Consolidated Interim Financial Statements. These standards are subject to endorsement by the European Union and are therefore not open for early adoption.

IFRS 2 Share-based Payment

In June 2016 the IASB issued amendments to IFRS 2 Share-based Payments: Classification and Measurement of Share-based Payment Transactions which will become effective on 1 January 2018. The issuance consists of three amendments that clarify how to account for certain types of share-based payment transactions. ABN AMRO will start its impact assessment during the second half of 2016.

IFRS 9 Financial Instruments

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and the mandatory effective date is 1 January 2018. ABN AMRO is currently assessing the impact on its financial statements. The impact on the financial statements is expected to be largest for the changes to the impairment model. IFRS 9 replaces the 'incurred loss' model with the 'expected credit loss model' which is designed to be more forward-looking. The result of this forward-looking approach will be higher loan loss impairments and corresponding lower equity.

In the first half of 2016, ABN AMRO made progress in developing IFRS 9 models. It will take at least the rest of 2016 to finalise these models. ABN AMRO has also made progress in analysing credit deterioration criteria and incorporation of forward-looking information. Although the IFRS 9 project is on schedule and milestones are being met, key implementation aspects of IFRS 9 still need further analysis. ABN AMRO is therefore keen for the EU to approve the IFRS 9 standard and for the regulators to provide finalised guidance. ABN AMRO expects to provide external disclosures in line with EDTF guidance.

2 Segment reporting

Retail Banking

Retail Banking serves Mass Retail, Preferred Banking and YourBusiness Banking clients (SME clients with turnover up to EUR 1 million) and offers a wide variety of banking and insurance products and services through the bank's branch network, online, via contact centres and through subsidiaries. In addition, MoneYou is part of Retail Banking.

Private Banking

Private Banking provides total solutions to its clients' global wealth management needs and offers a rich array of products and services designed to address their individual requirements. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands and internationally under ABN AMRO Private Banking, as well as local brands such as Banque Neuflize OBC in France and Bethmann Bank in Germany.

Corporate Banking

Corporate Banking consists of the sub-segments Commercial Clients, International Clients and Capital Markets Solutions.

- Commercial Clients serves business clients with revenues from EUR 1 million up to EUR 250 million, and clients active in Commercial Real Estate (excluding publicly listed companies, which are served by the International Clients sub-segment). ABN AMRO's Lease and Commercial Finance activities are also part of this sub-segment;

- International Clients serves business clients with revenues exceeding EUR 250 million, as well as Energy, Commodities & Transportation (ECT) Clients, Diamond & Jewellery Clients, Financial Institutions and Listed Commercial Real Estate clients;
- Capital Markets Solutions serves clients by providing products and services related to financial markets. This sub-segment includes Clearing.

Group Functions

Group Functions supports the business segments and consists of Technology, Operations & Property Services (TOPS), Finance, Risk Management & Strategy, People, Regulations & Identity (PR&I), Group Audit and the Corporate Office. The majority of the Group Functions costs are allocated to the businesses. Group Functions' results include those of ALM/Treasury as well as the Securities financing activities.

Segment income statement of the first six months of 2016

	First half 2016				
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
Net interest income	1,685	318	1,094	22	3,118
Net fee and commission income	225	287	381	-27	866
Net trading income	2	21	-330	-37	-343
Share of result in equity accounted investments	20	8	-5	3	26
Other operating income	97	27	24	-3	145
Operating income	**2,029**	**660**	**1,163**	**-41**	**3,811**
Personnel expenses	242	249	325	419	1,234
General and administrative expenses	229	130	167	733	1,258
Depreciation and amortisation of tangible and intangible assets	3	11	8	63	86
Intersegment revenues/expenses	613	137	443	-1,193	
Operating expenses	**1,088**	**527**	**942**	**22**	**2,579**
Impairment charges on loans and other receivables	48	12	2	-6	56
Total expenses	**1,135**	**539**	**944**	**16**	**2,635**
Operating profit/(loss) before taxation	**894**	**120**	**219**	**-58**	**1,176**
Income tax expense	220	24	54	12	310
Profit/(loss) for the period	**674**	**96**	**165**	**-70**	**866**
- of which Special items and divestments			271		271
Underlying profit/(loss) for the period	**674**	**96**	**436**	**-70**	**1,136**
Attributable to:					
Owners of the company	674	96	165	-70	865
Non-controlling interests			1		1

Segment income statement of the first six months of 2015

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	First half 2015 Total
Net interest income	1,645	293	1,081	37	3,056
Net fee and commission income	262	322	378	-37	926
Net trading income	5	35	100	-85	54
Share of result in equity accounted investments	15	8	-13	2	12
Other operating income	-2	20	77	152	246
Operating income	**1,924**	**678**	**1,623**	**69**	**4,294**
Personnel expenses	246	249	344	394	1,233
General and administrative expenses	166	126	135	721	1,148
Depreciation and amortisation of tangible and intangible assets	4	12	9	60	84
Intersegment revenues/expenses	565	114	419	-1,098	
Operating expenses	**980**	**501**	**907**	**77**	**2,465**
Impairment charges on loans and other receivables	38	-15	268	-4	287
Total expenses	**1,018**	**486**	**1,176**	**72**	**2,752**
Operating profit/(loss) before taxation	**906**	**191**	**448**	**-3**	**1,542**
Income tax expense	226	32	94	46	398
Underlying profit/(loss) for the period	**680**	**159**	**354**	**-49**	
Special items and divestments					
Profit/(loss) for the period	**680**	**159**	**354**	**-49**	**1,144**
Attributable to:					
Owners of the company	680	159	353	-50	1,142
Non-controlling interests			1		1

Retail Banking

Net interest income was EUR 1,685 million and increased EUR 40 million compared with the first half of 2015. This improvement can be largely attributed to a non-recurring provision of around EUR 30 million for inconsistencies in interest calculations between the bank and its business partners with respect to one of the mortgage products which was booked in the first half of 2015 and partly released in H1 2016.

Margins on residential mortgages continued to improve in the first half of 2016, due to repricing of the residential mortgage backbook, and were partly offset by lower average residential mortgage loan volumes. Interest income on consumer loans decreased due to both lower average volumes and margins. Net interest income on deposits showed an increase compared with the first half of 2015 as margins and average savings volumes grew.

Net fee and commission income decreased by EUR 37 million compared with the same period of 2015, partly due to the uncertainty and volatility in the financial markets in the first six months of 2016.

Other operating income amounted to EUR 120 million and included the profit (EUR 101 million) related to the sale of Visa Europe to Visa Inc.

Personnel expenses were EUR 242 million and declined by EUR 4 million compared with the first half of 2015. The decline was due mainly to a lower average number of staff employed in Retail Banking following a further reduction in the number of branches.

Other expenses went up EUR 112 million in the first half of 2016. The regulatory levies in H1 2016 were EUR 54 million. Excluding the regulatory levies, other expenses increased by EUR 58 million. This was mainly attributable to higher (allocated) project costs, including the Retail Digitalisation programme.

Operating result was virtually flat at EUR 942 million in the first half of 2016. The cost/income ratio increased by 2.7 percentage points to 53.6%. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 54.2% in H1 2016 (53.8% in H1 2015).

Impairment charges on loans and other receivables were EUR 48 million in the first half of 2016, versus EUR 38 million in the first half of 2015. Both periods included IBNI releases although these were much lower in H1 2016 (EUR 27 million) compared with H1 2015 (EUR 69 million).

The recovery of the Dutch economy and confidence in the housing market further improved in the first half of 2016 and were reflected in lower impairment charges for mortgages (excluding IBNI releases). Consumer loans also benefited from further improved economic conditions, leading to lower loan impairments with slightly higher IBNI releases.

Private Banking

Net interest income went up to EUR 318 million in H1 2016, an improvement of EUR 25 million compared with H1 2015. Margins on deposits in particular improved, while average asset volumes decreased.

Net fee and commission income decreased significantly to EUR 287 million in the first half of 2016, a decline of EUR 35 million compared with the same period of the previous year. Uncertainty and volatility in the financial markets in H1 2016 had a negative impact on the stock markets, leading to a decline in average client assets and lower transaction volumes.

Other operating income in H1 2016 was EUR 8 million lower, due mainly to lower trading income. The release of the provision related to the sale of the Swiss private banking activities in 2011 was partly offset by the sale of premises in the first half of 2015.

Personnel expenses remained unchanged at EUR 249 million in H1 2016 compared with H1 2015.

Other expenses increased by EUR 25 million compared with H1 2015, which was partly related to regulatory levies (EUR 8 million) and higher (allocated) project costs.

Operating result decreased by EUR 44 million to EUR 132 million in H1 2016 compared with the first half of 2015. The cost/income ratio for Private Banking came to 79.9% in H1 2016, an increase of 5.9 percentage points compared with H1 2015. If the regulatory levies were to be divided equally over the four quarters, the cost/income ratio would be 80.0% compared with 75.2% in H1 2015.

Impairment charges on loans and other receivables increased to an addition of EUR 12 million compared with a release of EUR 15 million (mainly IBNI) in the first half of 2015.

Corporate Banking

Net interest income increased modestly by EUR 13 million to EUR 1,094 million in H1 2016 compared with H1 2015. Both Commercial Clients and Capital Markets Solutions showed growth, while International Clients decreased.

Net interest income at Commercial Clients increased by EUR 2 million to EUR 662 million in the first half of 2016. Margins on loans and deposits and average deposit volumes increased, while average loan volumes decreased compared with the same period in 2015.

Net interest income at International Clients declined by EUR 8 million compared with H1 2015, coming to EUR 353 million.

Net interest income in Capital Markets Solutions increased by EUR 18 million to EUR 78 million in H1 2016, due mainly to improved net interest income at Sales & Trading.

Net fee and commission income amounted to EUR 381 million and remained nearly flat compared with the first half of 2015.

Other operating income declined by EUR 475 million to EUR 311 million negative in the first half of 2016. The decrease was mainly driven by an additional provision for the SME derivatives reassessment of EUR 361 million compared with the initial provision for SME derivative-related issues of around EUR 40 million in the first half of 2015. Moreover, negative CVA/DVA/FVA results (EUR 47 million negative H1 2016 versus EUR 41 million positive in H1 2015), limited revaluation results of Equity Participations at International Clients (EUR 2 million in H1 2016 versus EUR 47 million in H1 2015) and lower results from Sales & Trading activities. All of this was partly offset by positive revaluations of equity stakes at Commercial Clients in H1 2016.

Personnel expenses decreased to EUR 325 million in H1 2016, down by EUR 19 million compared with the same period of 2015. This was due mainly to a restructuring provision at Commercial Clients in Q1 2015. The number of FTEs remained fairly stable compared with H1 2015.

Other expenses increased by EUR 55 million compared with the first half of 2015 which was due mainly to the regulatory levies of EUR 43 million. The remainder of the increase was related to higher (allocated) project costs.

Operating result was EUR 221 million in the first half of 2016, down EUR 495 million compared with the same period in 2015. The cost/income ratio increased to 81.0% in H1 2016, from 55.9% in H1 2015.

Impairment charges on loans and other receivables were only EUR 2 million compared with an addition of EUR 268 million in the first half of 2015.

Impairment charges at Commercial Clients decreased by EUR 350 million to a release of EUR 123 million in the first half of 2016. The decline is the result of higher impairment releases and an IBNI release of EUR 109 million in H1 2016 which is more than double the IBNI release in H1 2015. Moreover, Q1 2015 included a single large addition of approximately EUR 100 million.

Loan impairments in International Clients were EUR 126 million, which is significantly higher (up EUR 96 million) than H1 2015. Impairment charges for ECT in particular increased to EUR 141 million compared with EUR 36 million in the same period of 2015.

Loan impairments in Capital Markets Solutions amounted to almost zero.

Group Functions

Net interest income declined to EUR 22 million in the first half of 2016 compared with EUR 37 million in H1 2015. The decrease was partly due to higher liquidity costs.

Net fee and commission income improved by EUR 10 million as lower fees were paid to Capital Markets Solutions related to Securities financing results.

Other operating income was EUR 37 million negative in the first half of 2016 and was EUR 106 million lower than in H1 2015. This was mainly the result of significantly lower hedge accounting-related results and no CVA/DVA results in 2016 (versus EUR 33 million positive CVA/DVA results in H1 2015). Both years included provisions related to the part of the Securities financing activities discontinued in 2009, but the impact was in 2016 considerably lower than in 2015.

Personnel expenses increased by EUR 25 million to EUR 419 million in the first half of 2016. This was due mainly to several smaller releases from personnel provisions in H1 2015. The average number of FTEs increased slightly.

Other expenses decreased by EUR 80 million compared with the same period in 2015. Group Functions had higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes. This was, however, offset by the fact that more operating expenses were allocated to the commercial segments (recorded as negative expenses).

Selected assets and liabilities by segment

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total 30 June 2016
Assets					
Financial assets held for trading			4,459		4,459
Derivatives		95	18,899	4,357	23,350
Securities financing		45	7,356	27,059	34,460
Residential mortgages	143,343	2,971	8	3,544	149,866
Consumer loans	7,869	5,602	700		14,171
Corporate loans	2,599	7,388	83,817	4,934	98,738
Other loans and receivables - customers			8,435	245	8,680
Other	2,140	8,327	16,855	57,893	85,215
Total assets	**155,950**	**24,427**	**140,531**	**98,032**	**418,940**
Liabilities					
Financial liabilities held for trading			1,990		1,990
Derivatives		51	17,100	9,865	27,016
Securities financing		79	2,296	20,757	23,132
Demand deposits	25,249	41,582	60,845	395	128,071
Saving deposits	71,134	18,513	3,755		93,402
Time deposits	6,278	6,472	5,083	1,479	19,312
Other due to customers			157		157
Other	53,288	-42,269	49,305	47,577	107,901
Total liabilities	**155,950**	**24,427**	**140,531**	**80,072**	**400,981**

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total 31 December 2015
Assets					
Financial assets held for trading			1,706		1,706
Derivatives		94	15,340	3,704	19,138
Securities financing		20	4,591	15,451	20,062
Residential mortgages	143,525	3,072	12	3,401	150,009
Consumer loans	8,105	5,858	624		14,587
Corporate loans	2,615	7,671	89,338	4,265	103,889
Other loans and receivables - customers	-1		6,143	215	6,357
Other	1,553	7,457	15,125	65,958	90,092
Total assets	**155,797**	**24,171**	**132,878**	**92,994**	**405,840**
Liabilities					
Financial liabilities held for trading			459		459
Derivatives		85	13,560	8,780	22,425
Securities financing		8	1,155	10,209	11,372
Demand deposits	23,579	41,435	69,307	311	134,632
Saving deposits	69,952	18,498	4,022		92,472
Time deposits	5,142	6,533	4,884	1,996	18,555
Other due to customers			160		160
Other	57,123	-42,387	39,331	54,112	108,180
Total liabilities	**155,797**	**24,171**	**132,878**	**75,410**	**388,255**

Total assets increased by EUR 13.1 billion to EUR 418.9 billion at 30 June 2016. Apart from the impact of the new offsetting policy, total assets increased by EUR 23.0 billion. The increase in Securities financing and Financial investments was partly offset by a decrease in Cash and balances at central banks.

Total liabilities increased by EUR 12.7 billion to EUR 401.0 billion at 30 June 2016. Apart from the impact of the new offsetting policy, Total liabilities increased by EUR 22.6 billion. This was due mainly to higher Securities financing, Due to customers and Derivatives.

Total equity rose by EUR 0.4 billion to EUR 18.0 billion, due mainly to the inclusion of the reported profit for the first half of 2016, partly offset by the final dividend payment for 2015.

3 Overview of financial assets and liabilities by measurement base

					30 June 2016
(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
Financial assets					
Cash and balances at central banks	12,773				12,773
Financial assets held for trading		4,459			4,459
Derivatives		19,219	4,132		23,350
Financial investments			914	45,478	46,392
Securities financing	34,460				34,460
Loans and receivables - Banks	17,152				17,152
Loans and receivables - Customers	271,456				271,456
Other assets			2,893		2,893
Total financial assets	**335,841**	**23,678**	**7,939**	**45,478**	**412,936**
Financial Liabilities					
Financial liabilities held for trading		1,990			1,990
Derivatives		17,159	9,857		27,016
Securities financing	23,132				23,132
Due to banks	12,214				12,214
Due to customers	240,942				240,942
Issued debt	74,835		1,670		76,505
Subordinated liabilities	11,214				11,214
Other liabilities			2,896		2,896
Total financial liabilities	**362,337**	**19,149**	**14,423**		**395,908**

					31 December 2015
(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
Financial assets					
Cash and balances at central banks	26,195				26,195
Financial assets held for trading		1,706			1,706
Derivatives		15,495	3,644		19,138
Financial investments			770	39,772	40,542
Securities financing	20,062				20,062
Loans and receivables - Banks	15,680				15,680
Loans and receivables - Customers	274,842				274,842
Other assets			2,543		2,543
Total financial assets	**336,778**	**17,200**	**6,956**	**39,772**	**400,706**
Financial Liabilities					
Financial liabilities held for trading		459			459
Derivatives		13,725	8,700		22,425
Securities financing	11,372				11,372
Due to banks	14,630				14,630
Due to customers	245,819				245,819
Issued debt	74,492		1,715		76,207
Subordinated liabilities	9,708				9,708
Other liabilities			2,543		2,543
Total financial liabilities	**356,021**	**14,184**	**12,958**		**383,163**

4 Operating income

(in millions)	First half 2016	First half 2015
Net interest income	3,118	3,056
Net fee and commission income	866	926
Net trading income	-343	54
Share of result in equity accounted investments	26	12
Other income	145	246
Total operating income	**3,811**	**4,294**

Operating income in the first six months of 2016

Total operating income decreased by EUR 483 million to EUR 3,811 million compared with EUR 4,294 million during the first half of 2015.

Net interest income amounted to EUR 3,118 million in the first half of 2016 and was EUR 62 million higher compared with the same period in 2015. The increase was due mainly to several non-recurring interest provisions in 2015 at both Retail Banking and Group Functions. Higher net interest income from mortgages, corporate loans (mainly margin driven) and deposits (both volumes and margins) was partly offset by increased liquidity costs due to the higher liquidity buffer.

Net fee and commission income decreased by EUR 60 million to EUR 866 million in the first half of 2016 compared with EUR 926 million in the first half of 2015. This development was due to uncertainties in stock markets in Europe and Asia in Private Banking which caused a decline in securities, custodian fees, portfolio management and trust fees. Payment fees in Retail Banking decreased partly due to lower rates charged to clients. The abovementioned lower fees were partly offset by an increase in fees in the Clearing business due to volatility in the financial markets.

Net trading income decreased by EUR 397 million to a loss of EUR 343 million during the first half of 2016 compared with EUR 54 million in the first half of 2015. This decrease was driven by a one-off provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues of 361 million (2015: EUR 42 million) and the unfavourable effect of CVA, DVA and FVA results which amounted to EUR 47 million (gain in 2015: EUR 74 million). Both years included provisions related to the part of the Securities financing activities discontinued in 2009, but this impact was lower in 2016 than it was in 2015.

Other income decreased by EUR 101 million to EUR 145 million in the first half of 2016 compared with the first half of 2015. Hedge accounting related-results were lower in the first half of 2016 together with lower revaluation and divestment results at Equity Participations. This was partly offset by a realised gain on our equity stake in Visa Europe.

5 Operating expenses

(in millions)	First half 2016	First half 2015
Personnel expenses	1,234	1,233
General and administrative expenses	1,258	1,148
Depreciation and amortisation of tangible and intangible assets	86	84
Total operating expenses	**2,579**	**2,465**

Operating expenses in the first six months of 2016

Total operating expenses increased by EUR 114 million to EUR 2,579 million during the first half of 2016 compared with EUR 2,465 million in the same period of the previous year, driven mainly by higher general and administrative expenses (EUR 110 million).

Personnel expenses amounted to EUR 1,234 million in the first half of 2016, an increase of EUR 1 million compared with the first half of 2015. More details are provided under Personnel expenses.

General and administrative expenses increased by EUR 110 million during the first half of 2016 compared with the first half of 2015. This was related mainly to EUR 110 million regulatory levies booked in 2016, of which EUR 66 million was related to the ex-ante Single Resolution Fund (including a EUR 32 million refund on the 2015 payment) and EUR 44 million for an accrual related to the Deposit Guarantee Scheme. Furthermore, costs related to the continuous improvement of IT processes, products and services increased and were offset by VAT refunds and other general expenses.

Personnel expenses

(in millions)	First half 2016	First half 2015
Salaries and wages	853	858
Social security charges	123	119
Pension expenses relating to defined benefit plans	3	12
Defined contribution plan expenses	172	155
Other	83	89
Total personnel expenses	**1,234**	**1,233**

Personnel expenses in the first six months of 2016

Personnel expenses amounted to EUR 1,234 million during the first half of 2016 and increased slightly by EUR 1 million compared with the first half of 2015.

6 Income tax expense

(in millions)	First half 2016	First half 2015
Income tax expense	310	398

Income tax expense amounted to EUR 310 million in the first six months of 2016, EUR 88 million lower than the same period of the previous year. This was mainly the result of a lower operating profit.

7 Financial assets and liabilities held for trading

Financial assets held for trading

Financial assets and liabilities held for trading relates mainly to client-facilitating activities carried out by the Capital Markets Solutions business. These contracts are managed on a combined basis and should therefore be assessed on a total portfolio basis and not as stand-alone asset and liability classes.

(in millions)	30 June 2016	31 December 2015
Trading securities:		
Government bonds	3,249	1,333
Corporate debt securities	1,147	335
Equity securities	44	19
Total trading securities	**4,440**	**1,686**
Trading book loans	20	19
Total assets held for trading	**4,459**	**1,706**

Financial assets held for trading increased by EUR 2.8 billion to EUR 4.5 billion at 30 June 2016, compared with EUR 1.7 billion at 31 December 2015. This increase was mainly due to a higher volume of Government bonds (EUR 1.9 billion) and an increase in Corporate debt securities (EUR 0.8 billion).

The increase in the volume of Government bonds was mainly related to Dutch, French and German positions. These portfolios are mainly a result of primary dealership in these countries and for the purpose of client facilitation. Most of these contracts are hedged with short positions in Government bonds and futures (see also increase in bonds in Financial liabilities held for trading).

Financial liabilities held for trading

(in millions)	30 June 2016	31 December 2015
Bonds	1,905	417
Equity securities	26	19
Total short security positions	**1,932**	**435**
Other liabilities held for trading	58	24
Total liabilities held for trading	**1,990**	**459**

Financial liabilities held for trading increased by EUR 1.5 billion to EUR 1.9 billion at 30 June 2016, compared with EUR 0.4 billion at 31 December 2015. This increase was partly driven by higher short positions in Bonds (EUR 1.5 billion), mainly related to Dutch, German and French Government bonds and Corporate debt securities.

8 Derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading are closely related to facilitating the needs of our clients. Derivatives held for risk management purposes include all derivatives that qualify for hedge accounting and derivatives included in an economic hedge.

Derivatives comprise the following:

										30 June 2016
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	4		6							11
Fair value liabilities	21		6			1				28
Notionals	306		247			1,310				1,863
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	719,398			2,979			100,457			822,834
Other bilateral										
Fair value assets	15,370	2,549	148	424	642	76	4,132			23,340
Fair value liabilities	13,482	2,680	161	128	676	4	9,857			26,988
Notionals	180,636	190,115	1,755	5,662	22,809	1,479	60,077			462,535
Total										
Fair value assets	15,374	2,549	154	424	642	76	4,132			23,350
Fair value liabilities	13,503	2,680	167	128	676	4	9,857			27,016
Notionals	900,340	190,115	2,002	8,641	22,809	2,789	160,534			1,287,232

										31 December 2015
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	1		7			1				9
Fair value liabilities			13							13
Notionals	255	9	191			1,315				1,770
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	690,195			584			73,128			763,907
Other bilateral										
Fair value assets	12,413	2,073	240	242	499	19	3,339	304		19,129
Fair value liabilities	10,570	2,096	279	136	604	27	8,673	26		22,412
Notionals	194,759	181,503	2,038	3,430	26,356	1,434	74,961	560		485,042
Total										
Fair value assets	12,414	2,073	248	242	499	19	3,339	304		19,138
Fair value liabilities	10,570	2,096	292	136	604	27	8,673	26		22,425
Notionals	885,209	181,512	2,230	4,014	26,356	2,749	148,089	560		1,250,719

No value is reported on our Statement of financial position related to over-the-counter derivatives that are cleared with a CCP.

The notional amount of the interest rate derivatives held for trading at 30 June 2016 amounted to EUR 900.3 billion, an increase of EUR 15.1 billion compared with EUR 885.2 billion at 31 December 2015. The increase was mainly due to higher client activity. The fair value of interest rate derivatives increased at 30 June 2016, due mainly to the decrease in long-term interest rates compared with year-end 2015.

The notional amount of the currency derivatives held for trading at 30 June 2016 amounted to EUR 190.1 billion, an increase of EUR 8.6 billion, compared with EUR 181.5 billion at 31 December 2015. This increase was mainly due to the growth in client activity caused by greater volatility of foreign exchange rates.

9 Financial investments

Financial investments break down as follows:

(in millions)	30 June 2016	31 December 2015
Financial investments:		
Available-for-sale	45,501	39,795
Held at fair value through profit or loss	914	770
Total, gross	**46,415**	**40,564**
Less: Available-for-sale impairment allowance	23	23
Total financial investments	**46,392**	**40,542**

Financial investments amounted to EUR 46.4 billion at 30 June 2016, an increase of EUR 5.9 billion (or 14.4%) compared with EUR 40.5 billion at 31 December 2015. This increase was mainly caused by purchases of Other OECD government bonds (EUR 2.4 billion), Mortgage-backed securities (EUR 0.5 billion) and Securities issued by financial Institutions (EUR 2.3 billion).

Financial investments available-for-sale

The fair value of financial investments available-for-sale including gross unrealised gains and losses is as follows:

(in millions)	30 June 2016	31 December 2015
Interest-earning securities:		
Dutch government	6,803	6,540
US Treasury and US government	3,488	3,481
Other OECD government	22,676	20,265
Non OECD government	434	348
European Union	1,758	1,637
Mortgage- and other asset-backed securities	2,862	2,318
Financial institutions	7,148	4,805
Non-financial institutions	61	28
Subtotal	**45,230**	**39,422**
Equity instruments	271	373
Total investments available-for-sale	**45,501**	**39,795**

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes. More information on the liquidity buffer composition can be found in the Liquidity risk section of this report.

10 Securities financing

	30 June 2016		31 December 2015	
(in millions)	Banks	Customers	Banks	Customers
Assets				
Reverse repurchase agreements	5,983	12,886	2,415	8,185
Securities borrowing transactions	4,957	6,828	4,445	3,970
Unsettled securities transactions	1,110	2,695	131	916
Total	**12,051**	**22,409**	**6,991**	**13,071**
Liabilities				
Repurchase agreements	2,805	15,355	1,877	6,153
Securities lending transactions	1,077	2,162	1,138	1,536
Unsettled securities transactions	493	1,240	117	552
Total	**4,375**	**18,757**	**3,132**	**8,240**

Securities financing transactions include balances relating to reverse repurchase activities, repurchase activities and cash collateral on securities borrowed and lent. ABN AMRO controls credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with or returned to ABN AMRO when deemed necessary.

Securities financing assets and liabilities with banks and customers increased compared with 31 December 2015 as a result of the cyclicality of the business.

11 Fair value of financial instruments

Fair value is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

The internal controls of fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent with those set out in the notes to ABN AMRO's 2015 Consolidated Annual Financial Statements.

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value, broken down into the three categories from the fair value hierarchy as described below.

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques for which all inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique for which at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

The following table presents the valuation methods used in determining the fair values of financial instruments carried at fair value.

(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
				30 June 2016
Assets				
Financial assets held for trading	4,417	42		4,459
- of which Government bonds and Corporate debt securities	4,374	23		4,396
- of which Equity securities	44			44
- of which Other financial assets held for trading		20		20
Derivatives held for trading	11	18,009	57	18,077
Derivatives not held for trading	53	5,193	28	5,274
Available-for-sale interest earning securities	42,455	1,541	1,234	45,230
Available-for-sale equities	97	58	93	248
Financial investments designated at fair value through profit or loss	198		716	914
Unit-linked investments	1,940	953		2,893
Total financial assets	**49,170**	**25,798**	**2,128**	**77,095**
Liabilities				
Financial liabilities held for trading	1,932	59		1,990
- of which Bonds	1,905			1,905
- of which Equity securities	26			26
- of which Other financial liabilities held for trading		58		58
Derivatives held for trading	28	16,323		16,351
Derivatives not held for trading	1	10,638	27	10,665
Issued debt		1,670		1,670
Unit-linked for policyholders	1,942	954		2,896
Total financial liabilities	**3,902**	**29,643**	**27**	**33,572**

Financial assets and liabilities held for trading valued by quoted market prices in active markets consisted mainly of equity securities, exchange traded derivatives and corporate debt securities (see note 7 Financial assets and liabilities held for trading). Financial assets and liabilities held for trading for which valuation techniques based on observable inputs have been used mainly comprise OTC derivatives.

(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
				31 December 2015
Assets				
Financial assets held for trading	1,686	19		1,706
- of which Government bonds and Corporate debt securities	1,667			1,667
- of which Equity securities	19			19
- of which Other financial assets held for trading		19		19
Derivatives held for trading	8	14,708	18	14,735
Derivatives not held for trading	1	4,363	39	4,403
Available-for-sale interest earning securities	37,061	1,086	1,275	39,422
Available-for-sale equities	110	160	79	350
Financial investments designated at fair value through profit or loss	192		577	770
Unit-linked investments	1,639	904		2,543
Total financial assets	**40,698**	**21,241**	**1,989**	**63,928**
Liabilities				
Financial liabilities held for trading	435	24		459
- of which Bonds	417			417
- of which Equity securities	19			19
- of which Other financial liabilities held for trading		24		24
Derivatives held for trading	13	12,945		12,958
Derivatives not held for trading	14	9,414	39	9,466
Issued debt		1,715		1,715
Unit-linked for policyholders	1,639	904		2,543
Total financial liabilities	**2,101**	**25,002**	**39**	**27,142**

An explanation of the movements in the different assets and liabilities categories is provided in the designated notes.

ABN AMRO recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into level 3

There were no material transfers between levels 1 and 2 into level 3.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets and liabilities that are recorded at fair value.

(in millions)	Assets: Financial investments available for sale	Assets: Financial investments designated at fair value through profit or loss	Assets: Derivatives held for trading	Assets: Derivatives not held for trading	Liabilities: Derivatives not held for trading
Balance at 31 December 2014	**1,668**	**271**		**66**	**64**
Balance at 1 January 2015	**1,668**	**271**		**66**	**64**
Purchases	1	68			
Sales	-104	-119	-9		
Redemptions	-204	-28			
Gains/(losses) recorded in profit and loss[1]		24			
Unrealised gains/(losses)	-13	59	-12	-26	-26
Transfer between levels	5		40		
Other movements[2]	1	302			
Balance at 31 December 2015	**1,354**	**577**	**18**	**39**	**39**
Purchases	1	80			
Sales	-52	-31			
Redemptions	-6	-13			
Gains/(losses) recorded in profit and loss	-6				
Unrealised gains/(losses)[1]	17	27	4	-12	-12
Transfer between levels	17		34		
Other movements[3]	2	76			
Balance at 30 June 2016	**1,327**	**716**	**57**	**28**	**27**

1 Included in other operating income.
2 In 2015 an amount of EUR 280 million investments in venture capital was reclassified from Equity accounted associates to Financial investments.
3 In 2016 an amount of EUR 82 million in investments in venture capital was reclassified from Equity accounted associates and Corporate loans to Financial investments.

Level 3 sensitivity information

The following tables present the level 3 financial instruments carried at fair value as at the balance sheet date for which fair value is measured in full or in part using valuation techniques based on assumptions that are not supported by market observable inputs.

(in millions)	Valuation technique	Unobservable data	Carrying value	Minimum range	Maximum range	Weighted average	Reasonably possible alternative assumptions: Increase in fair value	Decrease in fair value
30 June 2016								
Equity shares	Private equity-valuation	EBITDA multiples	199	4.0	20.0	13.4	26	-25
Equity shares	Private equity-valuation	Net asset value	610				26	-28
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	421	83bps	148bps	123bps	21	-13
Interest earning securities - other	Discounted cash flow	Prepayment rate	813	7.5%	15.0%	10.1%	8	-3
Derivatives held for trading	Discounted cash flow	Probability of default	57	0.6%	100.0%	74.2%	7	-5
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	1	7.5%	15.0%	10.1%		
31 December 2015								
Equity shares	Private equity-valuation	EBITDA multiples	47	5.0	6.5	5.9	12	-12
Equity shares	Private equity-valuation	Net asset value	609				32	-32
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	409	59bps	90bps	80bps	13	-4
Interest earning securities - other	Discounted cash flow	Prepayment rate	865	7.3%	10.1%	9.1%	7	-3
Derivatives held for trading	Discounted cash flow	Probability of default	18	0.6%	100.0%	52.1%		-4
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	1	7.3%	10.1%	9.1%		

There may be uncertainty about a valuation resulting from the choice of the valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique or model. At 30 June 2016 and 31 December 2015, ABN AMRO performed a sensitivity analysis to assess the range of reasonably possible alternative assumptions that would have a significant impact (i.e. increase or decrease) on the fair value of the instrument.

Equity shares

Equities designated at fair value through profit and loss classified as level 3 mainly comprise private equity investments. Private equity shares are designated at fair value, valuation is in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines'. To determine fair value the following valuation techniques are used: comparable and net asset value (NAV).

The comparable valuation technique is based on earnings multiples of comparable listed and unlisted companies. The fair value calculation of these investment is strongly linked to movements on the public (share) markets. Net asset value for fund investments and majority stakes are adjusted, when needed, with a marketability discount. This is determined by using audited and unaudited company

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financial statements, discounted cash flow calculation and any other information available, public or otherwise. The net asset value calculation of an investment is strongly linked to movements in the quarterly performance of the company.

New investments are valued at cost for the first year of investment. Thereafter, the fair value technique, either comparable or an NAV calculation, will be applied to direct investments. The sensitivity for using comparable pricing is determined by stressing the earnings multiples in a positive and negative market scenario, whereas sensitivity testing for the NAV calculation based upon the quarterly performance cannot be applied.

Judgement is used to determine the right valuation approach or blend of valuation approaches to determine the fair value of the private equity investments.

Interest earning securities

Government bonds

ABN AMRO has a position in a Polish bond, denominated in euros (in note 9 Financial investments part of Other OECD government), for which the market is relatively illiquid. The bond is valued using a discounted cash flow model. The main inputs are the interest rate curve, liquidity spread and credit spread. The valuation spread is determined using an internal model. The sensitivity analysis is performed by using a range of reasonable valuation spreads.

Other

The debt securities consist of residential mortgage-backed securities (RMBS). These are structured in such a way that prepayments on the underlying mortgage portfolio are used to repay the holder of the A-note. The fair value is determined using a discounted cash flow model based on inputs such as the interest rate curve, discount spread and prepayment rate. The prepayment rate is identified as a significant unobservable input. The sensitivity analysis is performed by stressing this rate.

Preferred shares are shares for which the dividend is fixed for a period of 10 years, after which the dividend is redetermined and the shares can also be redeemed. The position is valued using a discounted cash flow model for which the relevant inputs are the interest curve, liquidity spread and credit spread. The liquidity spread and credit spread are unobservable inputs and are derived from similar securities. The sensitivity of the preferred shares is determined by using a range of reasonable spreads and by considering the call option that is held by the issuer.

Derivatives

Securitisation swaps linked to the RMBS transactions are valued using a discounted cash flow model for which the behaviour of the underlying mortgage portfolio is also relevant. Inputs used to determine fair value are the interest rate curve and prepayment rate. The latter is the significant unobservable input that classifies these instruments as level 3. The sensitivity analysis is performed by stressing the prepayment rate.

Interest rate swaps related to RMBS transactions are valued based on assumptions about the behaviour of the underlying mortgage portfolio and the characteristics of the transaction. Cash flows are forecast and discounted using appropriate forward and discount curves.

A credit valuation adjustment (CVA) reflects counterparty credit risk in the fair value measurement of uncollateralised and partially collateralised OTC derivatives. For counterparties that do not have an observable credit spread ABN AMRO applies a proxied credit spread extracted from counterparties of comparable credit quality that do have an observable credit spread. ABN AMRO performs a probability of default assessment for each counterparty and allocates an appropriate internal credit risk measure known as a Uniform Counterparty Rating (UCR). This UCR, which is significant to the entire fair value measurement of the derivative contracts included in the previously shown table of Level 3 sensitivity information, is internally generated and is therefore an unobservable input.

Financial assets and liabilities not carried at fair value

The methods and assumptions applied to estimate the fair values of financial instruments not carried at fair value are consistent with those set out in note 21 of the Consolidated Annual Financial Statements 2015.

						30 June 2016
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	12,773		12,773		12,773	
Securities financing	34,460		34,460		34,460	
Loans and receivables - banks	17,152		10,003	7,149	17,152	
Loans and receivables - customers	271,456		8,583	273,255	281,839	10,383
Total	**335,841**		**65,820**	**280,404**	**346,224**	**10,383**
Liabilities						
Securities financing	23,132		23,132		23,132	
Due to banks	12,214		4,541	7,673	12,214	
Due to customers	240,942		437	240,504	240,942	
Issued debt	74,835	34,386	41,460		75,846	-1,011
Subordinated liabilities	11,214	5,727	5,744		11,470	-256
Total	**362,337**	**40,113**	**75,314**	**248,177**	**363,603**	**-1,267**

						31 December 2015
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	26,195		26,195		26,195	
Securities financing (banks)	6,991		6,991		6,991	
Securities financing (customers)	13,071		13,071		13,071	
Securities financing	20,062		20,062		20,062	
Loans and receivables - banks	15,680		7,304	8,375	15,679	
Loans and receivables - customers	274,842		7,321	276,876	284,197	9,355
Total	**336,778**		**60,882**	**285,251**	**346,133**	**9,355**
Liabilities						
Securities financing	11,372		11,372		11,372	
Due to banks	14,630		3,842	10,788	14,630	
Due to customers	245,819		226	245,593	245,819	
Issued debt	74,492	31,638	43,810		75,448	-957
Subordinated liabilities	9,708	5,285	4,789		10,074	-366
Total	**356,021**	**36,923**	**64,040**	**256,381**	**357,344**	**-1,322**

During the first half of 2016 the Group reclassified cash collateral received from or paid to counterparties in relation to credit support annexes (CSA) from level 3 to level 2. This impacts Loans and receivables - banks and Loans and receivables - customers as well as Due to banks and Due to customers in the table above. The comparative amounts have been reclassified accordingly.

12 Loans and receivables - banks

(in millions)	30 June 2016	31 December 2015
Interest-bearing deposits	4,337	4,841
Loans and advances	9,810	8,114
Mandatory reserve deposits with central banks	830	313
Other	2,178	2,414
Subtotal	**17,154**	**15,682**
Less: loan impairment allowance	2	2
Loans and receivables - banks	**17,152**	**15,680**

Loans and receivables – banks increased by EUR 1.5 billion to EUR 17.2 billion at 30 June 2016 compared with EUR 15.7 billion at 31 December 2015, due to an increase in loans and advances with banks of EUR 1.7 billion and a decrease of EUR 0.2 billion in Other loans and receivables - banks.

Loans and advances increased by EUR 1.7 billion to EUR 9.8 billion at 30 June 2016 as compared with EUR 8.1 billion at 31 December 2015 mainly due to higher pledged cash collateral related to derivatives contracts.

Other loans and receivables – banks decreased by EUR 0.2 billion to EUR 2.2 billion at 30 June 2016 compared with EUR 2.4 billion at 31 December 2015 mainly due to a decrease in trade bills.

13 Loans and receivables - customers

(in millions)	30 June 2016	31 December 2015
Residential mortgages (excluding fair value adjustment)	146,607	146,932
Fair value adjustment from hedge accounting on residential mortgages	3,544	3,401
Residential mortgages, gross	**150,152**	**150,333**
Less: loan impairment allowances - residential mortgage loans	286	324
Residential mortgages	**149,866**	**150,009**
Consumer loans, gross	14,679	15,147
Less: loan impairment allowances - consumer loans	508	561
Consumer loans	**14,171**	**14,587**
Corporate loans	93,501	100,387
Fair value adjustment from hedge accounting on corporate loans	2,157	1,448
Financial lease receivables	3,907	3,659
Factoring	2,349	1,866
Corporate loans, gross	**101,915**	**107,359**
Less: loan impairment allowances - corporate loans	3,176	3,470
Corporate loans	**98,738**	**103,889**
Government and official institutions	2,323	1,558
Other loans	6,358	4,799
Other loans and receivables customers, gross	**8,680**	**6,357**
Less: loan impairment allowances - other		1
Other loans and receivables customers	**8,680**	**6,357**
Loans and receivables - customers	**271,456**	**274,842**

Loans and receivables – customers decreased by EUR 3.4 billion to EUR 271.5 billion at 30 June 2016.

Residential mortgages remained relatively stable. The portfolio slightly decreased by EUR 0.1 billion to EUR 149.9 billion as a result of mortgage redemptions and voluntary repayments (EUR 5.8 billion compared with 31 December 2015). This decrease was partly offset by a EUR 5.5 billion inflow of new residential mortgages reflecting the improvement of the housing market in the Netherlands in 2016.

Consumer loans decreased by EUR 0.4 billion to EUR 14.2 billion, driven by lower volumes held within Private Banking (EUR 0.2 billion) and Retail Banking (EUR 0.2 billion).

Corporate loans decreased by EUR 5.2 billion to EUR 98.7 billion. In the second quarter of 2016 ABN AMRO adjusted the implementation of its offsetting treatment of notional cash pool agreements. More information is provided in note 1 Accounting policies.

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Besides the notional cash pooling effect, the corporate loan balance increased as a result of increases in volumes in advances (EUR 1 billion) and term loans (EUR 1.5 billion) in the Corporate Banking segment.
The fair value adjustment from hedge accounting on corporate loans increased EUR 0.6 billion to EUR 2.2 billion due to the movement of interest curves mainly caused by the Brexit.

Other loans and receivable - customers increased by EUR 2.3 billion to EUR 8.7 billion. This increase was mainly related to cash collateral posted to CCPs (Central Counterparty) of EUR 1.5 billion. It is common that positions are reduced at the end of the year by counterparties in order to close their books. Furthermore, there was an additional increase in cash collateral caused by the Brexit in June.

14 Acquisitions and divestments

	First half 2016		First half 2015	
(in millions)	Acquisitions	Divestments	Acquisitions	Divestments
Net assets acquired/Net assets divested	**19**	**-10**	25	-15
Cash used for acquisitions/received for divestments	**-17**	**31**	**-25**	**33**

Net assets acquired amounted to EUR 19 million in the first six months of 2016. This includes the acquisition of the remaining shares in APG-ABN AMRO Pensioeninstelling N.V. for an amount of EUR 2 million. As a result, this participation is no longer an equity accounted investment, but it is fully consolidated in ABN AMRO Group N.V. The remaining EUR 17 million is related to equity accounted investments.

On 31 March 2016 ABN AMRO Bank N.V. acquired the remaining 30% of the share capital in APG-ABN AMRO Pensioeninstelling N.V. and has since been the sole shareholder of this legal entity. On 1 April 2016 the name of the legal entity was changed to ABN AMRO Pensioeninstelling N.V. The financial reporting of the interest in this legal entity has been reclassified from equity accounted investment to consolidated subsidiary.

The divestments are related to divestments in equity accounted investments.

15 Due to banks

This item is comprised of amounts due to banking institutions, including central banks and multilateral developments banks.

(in millions)	30 June 2016	31 December 2015
Deposits from banks:		
Demand deposits	3,556	2,728
Time deposits	1,316	1,332
Other deposits	7,289	10,544
Total deposits	**12,160**	**14,604**
Other Due to banks	54	26
Total due to banks	**12,214**	**14,630**

Due to banks decreased in total by EUR 2.4 billion to EUR 12.2 billion at 30 June 2016 compared with EUR 14.6 billion at 31 December 2015. This decrease was mainly due to a decline in other deposits of EUR 3.3 billion. Other deposits decreased as a result of the early repayment of the TLTRO I programme (EUR 4.0 billion) in June. Demand deposits increased by EUR 0.8 billion to EUR 3.6 billion at 30 June 2016 compared with EUR 2.7 billion at 31 December 2015 because of higher volumes.

16 Due to customers

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

(in millions)	30 June 2016	31 December 2015
Demand deposits	128,071	134,632
Saving deposits	93,402	92,472
Time deposits	19,312	18,555
Total deposits	**240,784**	**245,659**
Other due to customers	157	160
Total due to customers	**240,942**	**245,819**

In the second quarter of 2016 ABN AMRO adjusted the implementation of its offsetting treatment of notional cash pool agreements included in Demand deposits. More information is provided in note 1 Accounting policies.

Due to customers decreased by EUR 4.9 billion to EUR 240.9 billion at 30 June 2016. This was related to a decrease in Demand deposits (EUR 6.5 billion), compensated by increases in Saving deposits (EUR 0.9 billion) and Time deposits (EUR 0.7 billion).

Demand deposits decreased by EUR 6.5 billion to EUR 128.1 billion at 30 June 2016 mainly due to lower outstanding positions related to Corporate Banking (EUR 8.4 billion), compensated by higher positions within Retail Banking (EUR 1.6 billion).

Saving deposits increased by EUR 0.9 billion to EUR 93.4 billion at 30 June 2016, mainly driven by higher volumes within Retail Banking. Saving deposits in the Dutch retail market in particular were higher due to receipt of holiday allowances.

Time deposits increased by EUR 0.7 billion at 30 June 2016 mainly driven by higher volumes within Retail Banking (EUR 1.1 billion). The increase in Retail Banking is related to a growth in deposits at MoneYou outside the Netherlands.

17 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding at 30 June 2016 and 31 December 2015 respectively.

(in millions)	30 June 2016	31 December 2015
Bonds and notes issued	66,557	64,613
Certificates of deposit and commercial paper	8,226	9,820
Saving certificates	51	59
Total at amortised cost	**74,835**	**74,492**
Designated at fair value through profit or loss	1,670	1,715
Total issued debt	**76,505**	**76,207**
- of which matures within one year	19,112	25,844

The Issued debt at 30 June 2016 amounted to EUR 76.5 billion, an increase of EUR 0.3 billion or 0.4% compared with EUR 76.2 billion at 31 December 2015. This increase was due to an increase of EUR 4.2 billion in Covered bonds offset by a decrease of EUR 2.4 billion in Unsecured medium-term notes and a decrease of EUR 1.6 billion in Certificates of deposits and commercial paper. Movements in these debt instruments are a continuous process of redemption and issuance of long-term and short-term funding.

The amounts of issued debt issued and redeemed during the period are shown in the Condensed Consolidated Statement of cash flows.

Further details of the funding programmes are provided in the Risk, funding & capital information section.

Financial liabilities designated at fair value through profit or loss

The cumulative change of the fair value of the structured notes attributable to change in credit risk amounted to EUR 10 million at 30 June 2016 (2015: EUR 7 million).

For all financial liabilities designated at fair value through profit or loss, the amount that ABN AMRO would contractually be required to pay at maturity was EUR 1.7 billion (2015: EUR 1.7 billion).

Subordinated liabilities

The following table specifies the outstanding subordinated liabilities as at 30 June and 31 December 2015 respectively.

(in millions)	30 June 2016	31 December 2015
Perpetual loans		1,255
Other subordinated liabilities	11,214	8,453
Total subordinated liabilities	**11,214**	**9,708**

The subordinated liabilities at 30 June amounted to EUR 11.2 billion, an increase of EUR 1.5 billion or 15% compared with EUR 9.7 billion at 31 December 2015. This increase was mainly driven by the replacement of the perpetual loans, which are no longer qualified as Additional Tier 1 and Tier 2 capital. The newly issued loan of EUR 1.0 billion, with an interest rate of 2.875%, has a maturity date in January 2028. The loan of USD 1.0 billion, with an interest rate of 4.8%, has a maturity date in April 2026.

Issued and outstanding loans qualifying as subordinated liabilities are subordinated to all other unsubordinated liabilities.

18 Provisions

The following table shows a breakdown of provisions at 30 June 2016 and 31 December 2015 respectively.

(in millions)	30 June 2016	31 December 2015
Insurance fund liabilities	135	154
Provision for pension commitments	89	85
Restructuring provision	125	200
Other staff provision	144	144
Legal provisions	597	292
Other provisions	335	381
Total provisions	**1,425**	**1,256**

Total provisions increased by EUR 169 million to EUR 1,425 million at 30 June 2016 compared with EUR 1,256 million at 31 December 2015. This was mainly due to increases in legal provisions regarding interest rate derivatives for SME clients and a tax provision, offset by releases and utilisation of existing provisions.

Provision for Interest rate derivatives to SME clients

In 2015 ABN AMRO started a review, at the request of both the AFM and the Dutch Ministry of Finance, to determine whether the bank has acted in accordance with its duty of care obligations with respect to the sale of interest rate derivatives to SME clients. In the second quarter of 2015 ABN AMRO first recognised a provision for the compensation of clients who have suffered damage.

In December 2015 the AFM announced that it found the review performed by banks to be insufficient. In light of this finding, the Dutch Minister of Finance appointed a committee of independent experts (the Committee) to develop a uniform recovery framework in consultation with the participating banks.

On 5 July 2016 the Committee presented the recovery framework. On that same date ABN AMRO announced it would adhere to the advice of the Committee and adopt the recovery framework. This decision has resulted in a provision of EUR 470 million at the end of Q2 2016, which is an increase of EUR 349 million – an addition of EUR 361 million minus payments and other adjustments in the first half year of EUR 11 million – compared with the provision at year-end 2015. This increase is mainly due to the introduction of an additional consideration for which clients may be eligible subject to several conditions. The additional consideration is based on the notional amount and duration of the interest rate derivative contract(s) of the client. This additional compensation is maximised at EUR 100,000 per individual client.

In addition, the scope was expanded from SME and middle market clients with an active interest rate derivative contract at 1 April 2014 to clients with an interest rate derivative contract active in the period 1 April 2011 to 1 April 2014. This has led to a an increase in clients in scope from 4,500 to 6,800 and an increase in contracts in scope from 6,000 to 9,000. Furthermore, clients who entered into an interest rate derivative between 2005 and 1 April 2011 have the possibility – subject to certain criteria – to ask the bank to reassess their interest rate derivative in accordance with the recovery framework (opt in). In this case, the interest rate derivative must have an original maturity date falling after 1 April 2011 and must have been prematurely terminated prior to 1 April 2011.

Discussions with tax authorities in Germany

In 2015 ABN AMRO recognised a provision to cover its exposure related to dividend withholding tax on discontinued Securities financing activities in Germany for the years 2007 through 2009. During the first half of 2016, ABN AMRO considered several developments around the tax treatment of transactions traded in 2007 through 2011.

19 Commitments and contingent liabilities

(in millions)	30 June 2016	31 December 2015
Committed credit facilities	21,830	21,559
Guarantees and other commitments:		
Guarantees granted	2,368	2,440
Irrevocable letters of credit	5,688	5,737
Recourse risks arising from discounted bills	5,827	5,691
Total guarantees and other commitments	**13,883**	**13,868**
Total	**35,713**	**35,427**

Commitments and contingent liabilities increased by EUR 0.3 billion to EUR 35.7 billion at 30 June 2016 compared with EUR 35.4 billion at 31 December 2015. This increase was mainly caused by an increase of EUR 0.3 billion in the Committed credit facilities and an increase of EUR 0.1 billion in the recourse risks arising from discounted bills.

The increase in Committed credit facilities by EUR 0.3 billion to EUR 21.8 billion at 30 June 2016, compared with EUR 21.6 billion at 31 December 2015, is mainly related to higher volume of credit lines granted to Credit institutions of EUR 0.3 billion and outstanding credit offers of EUR 0.5 billion partly offset by lower credit lines to corporate clients of EUR 0.6 billion.

Other contingencies

ABN AMRO is involved in a number of legal proceedings which relate to the ordinary course of business in a number of jurisdictions. In presenting the Condensed Consolidated Interim Financial Statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable. Charges other than those taken periodically for defence costs are not established for matters when losses cannot be reasonably estimated. Other Contingent liabilities include an Irrevocable Payment Commitment (IPC) to the Single Resolution Board (SRB) in Brussels. In April 2016, the SRB provided credit institutions the option to fullfill part of the obligation to pay the annual ex-ante contributions to the Single Resolution Fund (SRF) through IPCs. To secure full and punctual payment, when called by the SRB, credit institutions needed to constitute cash collateral and fully transfer legal ownership to the SRB.

Interest rate derivatives to SME clients

On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a panel of independent experts for advice on the reassessment of SME and middle market interest rate derivatives. On 5 July 2016 the uniform recovery framework prepared by this panel of independent experts was presented and ABN AMRO has committed to this framework. This will lead to revised compensation solutions for clients. At this time, ABN AMRO is determining the impact of the uniform recovery framework and it is unclear how the uniform recovery framework will impact pending and future litigation. As this is a possible liability dependent on a future event, there is no provision for this possible outflow of resources and it is therefore considered a contingency. In this respect reference is made to note 18 Provisions.

Cross liability

Section 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in Note 33 of the 2015 Condensed Consolidated Annual Financial Statement, ABN AMRO was subject to one demerger in 2010 with RBS N.V.

Indemnity agreement with the Dutch State

On 1 April 2010 ABN AMRO signed an indemnity agreement with the Dutch State (currently represented by NLFI) for a shortfall in capital above a certain amount related to specific assets and liabilities of RFS Holdings B.V. In July 2015 ABN AMRO was informed by NLFI about a claim it had received from RBS relating to these assets and liabilities in RFS Holdings B.V. This gives NLFI the right to file a claim with ABN AMRO even though ABN AMRO has been informed by NLFI that it will not file this claim with ABN AMRO based on the information available as of the publication date of these Condensed Consolidated Interim Financial Statements. This situation could change in the future.

20 Related parties

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Parties related to ABN AMRO include NLFI with control, the Dutch State with significant influence, associates, pension funds, joint ventures, the Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. Loans and advances to the Managing

Board, the Supervisory Board and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. For further information see note 34 of the Annual Financial Statements 2015. ABN AMRO has applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2016				
Assets	27	456		484
Liabilities	227	1,161		1,387
Guarantees given				
Guarantees received		36		36
Irrevocable facilities		27		27
First half 2016				
Income received	17	22		38
Expenses paid	7	5	149	161
31 December 2015				
Assets	15	364		379
Liabilities	232	991		1,222
Guarantees given		15		15
Guarantees received	9	38		47
Irrevocable facilities		28		28
First half 2015				
Income received	16	24		40
Expenses paid	8	34	147	189

Assets and Liabilities with Associates increased at 30 June 2016 compared with 31 December 2015 due to higher balances with financial institutions.

Expenses paid with Associates decreased by EUR 29 million at first half 2016 (first half 2015: EUR 34 million) due to sold equity accounted investments.

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Balances with the Dutch State

(in millions)	30 June 2016	31 December 2015
Assets:		
Financial assets held for trading	842	423
Derivatives	2,048	1,891
Financial investments - available for sale	6,803	6,540
Loans and receivables - customers	1,110	882
Other assets	99	99
Liabilities:		
Derivatives	3,032	2,641
Due to customers	812	1,811
Financial liabilities held for trading	364	204
Subordinated loans		
	First half 2016	First half 2015
Income statement:		
Interest income	71	75
Interest expense	23	51
Net trading income	-19	27
Net fee and commission income		
Other income	39	
Operating expenses		

Royal Bank of Scotland (RBS) is still the legal owner of specific Consortium shared assets and liabilities. This means that these assets and liabilities are for the risk and reward of RBS, Santander and the Dutch State as the shareholder of RFS Holdings B.V. On 1 April 2010, ABN AMRO signed an indemnity agreement with the Dutch State for a shortfall in capital above a certain amount related to specific assets and liabilities of RFS Holdings.

Transactions conducted with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships. Normal banking transactions relate to loans and deposits, financial assets held for trading and financial investments - available for sale, and are entered into under the same commercial and market terms that apply to non-related parties.

Transaction and balances related to taxation such as levies in the Netherlands are excluded from the table above.

Financial assets held for trading increased mainly as a result of higher Dutch government bonds, as a result of primary dealership in the Netherlands and of client facilitation. Most of these contracts are hedged with short positions in government bonds.

Due to customers decreased by EUR 1 billion at 30 June 2016 compared with year-end 2015 due to the redemption of part of the loan (including accrued interest) acquired from the Dutch State related to Ageas on 3 October 2008.

Interest expenses decreased at first half 2016 mainly due to the redemption of EUR 1 billion in Due to customers.

Other income increased at first half 2016 as a result of realised gains on government bonds.

21 Post balance sheet events

On 5 July 2016, a committee of independent experts appointed by the Dutch Ministry of Finance presented a uniform recovery framework for the consideration of Dutch SME clients with regard to interest rate derivatives sold in connection with floating interest rate loans. On that same date, ABN AMRO announced it would adhere to the advice of the Committee and adopted the recovery framework. This decision has resulted in the revision of the provision for Interest rate derivatives to SME clients. For further details please refer to note 18 Provisions.

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Building a better working world

Review report

To: the shareholders and supervisory board of ABN AMRO Group N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of ABN AMRO Group N.V., Amsterdam, which comprise the condensed consolidated statement of financial position as at 30 June 2016, the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 16 August 2016

Ernst & Young Accountants LLP

signed by C.B. Boogaart

Other

Enquiries

ABN AMRO Investor Relations

investorrelations@nl.abnamro.com
+31 20 6282 282

Investor call

A conference call will be hosted by the Managing Board for analysts and investors on Wednesday 17 August 2016 at 11:00 am CET (10:00 GMT).

To participate in the conference call, we strongly advice analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

More information can be found on our website www.abnamro.com/ir.

ABN AMRO Press Office

pressrelations@nl.abnamro.com
+31 20 6288 900

ABN AMRO Group N.V.

Gustav Mahlerlaan 10, 1082 PP Amsterdam
P.O. Box 283, 1000 EA Amsterdam
The Netherlands
abnamro.com

Information on our website does not form part of this Quarterly Report, unless expressly stated otherwise.

Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements that may constitute "forward-looking statements". This includes, without limitation, such statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "probability", "risk", "Value-at-Risk ("VaR")", "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations on such expressions. In particular, the document may include forward-looking statements relating but not limited to ABN AMRO's potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties.

Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions on future events, many of which, by their nature, are inherently uncertain and beyond our control. Factors that could cause actual results to differ materially from those anticipated by forward-looking statements include, but are not limited to, (macro)-economic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing.

Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.