unaudited

ABN AMRO Bank N.V.

Abbreviated Interim Financial Statements

30 June 2012

Table of contents

1 Introduction

These are the abbreviated Interim Financial Statements for the first half year 2012 of ABN AMRO Bank N.V.

ABN AMRO Bank N.V. is a wholly owned subsidiary of ABN AMRO Group N.V. ABN AMRO Group N.V. issued a so called 403 declaration in favour of ABN AMRO Bank N.V. Through the 403 declaration, ABN AMRO Group N.V. accepts joint and several liabilities for debts of ABN AMRO Bank N.V. arising from Legal acts.

Because consolidated financial statements of ABN AMRO Group N.V. are publicly available, ABN AMRO Bank N.V. is not required to publish consolidated financial statements.
The Interim Financial Report of ABN AMRO Group N.V. has been filed separately at the AFM and is not a part of these abbreviated Interim Financial Statements.

ABN AMRO Bank N.V. is only required to publish unconsolidated company financial statements in an abbreviated format, containing as a minimum an abbreviated income statement and an abbreviated statement of financial position.

These abbreviated Interim Financial Statements are company financial statements. Subsidiaries of ABN AMRO Bank N.V. are not consolidated but recorded as participating interests in group companies.

The abbreviated Interim Financial Statements of ABN AMRO Bank N.V. are neither audited nor reviewed by an external auditor.

These abbreviated Interim Financial Statements are presented in euros (EUR), which is the presentation currency of ABN AMRO Bank N.V., rounded to the nearest million (unless otherwise stated).

Certain figures in this document may not tally exactly due to rounding.

2 Managing Board report

The reported profit for the first half of 2012 is EUR 745 million (2011: EUR 856 million).
The decrease in other operating income reflects the higher loan impairments en lower revenues, both a result of more difficult economic circumstances.

3 Post balance sheet events

The sale and transfer to Aon of the commercial insurance broker activities for corporate clients was completed on 2 July 2012. The insurance operations for small and medium-sized businesses were simultaneously transferred to ABN AMRO Verzekeringen.

On 6 July 2012 ABN AMRO Bank issued a new EUR 1 billion Subordinated Tier 2 transaction. The instrument has a maturity of 10 years and a coupon of 7.125%. Tier 2 capital increased with EUR 1 billion with this transaction.

On 13 July 2012 ABN AMRO, Fortis Bank Nederland Pension Fund and ABN AMRO Bank Pension Fund signed an agreement to merge the two pension funds. All accrued rights included in the Fortis Bank Nederland Pension Fund will transfer to the ABN AMRO Bank Pension Fund. ABN AMRO is to facilitate the merger with certain compensation payments to ensure that the accrued rights will not deteriorate. Costs related to the transfer of the investment portfolio are also for the account of ABN AMRO Bank. Additionally, ABN AMRO Bank has safeguarded both pension funds against negative impact the merger might have. Currently, the total costs are estimated at around EUR 175 million (based on June 2012 interest rates). The merger is subject to DNB approval and to some closing conditions including a due diligence. The merger is anticipated to take place on 1 January 2013.

On 27 July 2012 ABN AMRO issued EUR 1.5 billion under its existing covered bond program. The bonds have a maturity of 7 years.

On 10 July 2012 Dutch parliament passed a new bank tax law with a yearly estimated net impact for ABN AMRO Bank of approximately EUR 100 million.
In accordance with IFRS the expense will be recognised in the fourth quarter as the tax will be levied on 1 October 2012.

4 Statement ex article 5:25d Dutch Financial Supervision Act

Pursuant to article 5:25d sub 2 part c of the Dutch Financial Supervision Act (Wet op het financieel toezicht, “Wft”) and taking into account article 2:403 of the Dutch Civil Code (“DCC”) , the members of the Managing Board hereby declare that to the best of their knowledge the abbreviated Interim Financial Statements of ABN AMRO Bank N.V. of 2012 (as at and for the period ended 30 June 2012), which have been prepared in accordance with the exemptions stated in article 2:403 of the DCC, give a true and fair view of the assets, liabilities, financial position and profit/(loss) of ABN AMRO Bank N.V.

Amsterdam, 23 August 2012

Managing Board

Gerrit Zalm, Chairman
Jan van Rutte, Vice-Chairman
Johan van Hall
Caroline Princen
Wietze Reehoorn
Chris Vogelzang
Joop Wijn

5 Abbreviated Financial Statements

ABN AMRO Bank N.V.

Company income statement

(in millions)	*First half year 2012*	*First half year 2011*
Results from participating interests	538	258
Other operating result	222	767
Operating profit / (loss) before taxation	**760**	**1,025**
Income tax expense	15	169
Profit / (loss) for the period	**745**	**856**

ABN AMRO Bank N.V.

Company statement of financial position.

(in millions)	*30 June 2012*	*31 December 2011*
Assets		
Cash and cash equivalents	13,761	7,431
Financial assets held for trading	24,330	20,678
Financial investments	17,228	17,371
Loans and receivables - banks	216,364	220,839
Loans and receivables - customers	226,710	221,610
Participating interests in group companies	6,909	6,197
Equity accounted investments	384	379
Property and equipment	994	1,017
Goodwill and other intangible assets	70	98
Assets held for sale	55	68
Accrued income and prepaid expenses	4,424	4,191
Current tax assets	231	140
Deferred tax assets	1,118	1,042
Other assets	4,997	4,284
Total assets	**517,575**	**505,344**
Liabilities		
Financial liabilities held for trading	23,624	22,169
Due to banks	165,097	162,577
Due to customers	220,575	215,316
Issued debt	70,091	68,404
Subordinated liabilities	6,789	8,675
Provisions	918	1,071
Accrued expenses and deferred income	5,503	5,300
Current tax liabilities	61	129
Deferred tax liabilities	8	
Other liabilities	11,385	10,278
Total liabilities	**504,051**	**493,919**
Total equity	**13,524**	**11,425**
Total liabilities and equity	**517,575**	**505,344**

ABN AMRO Bank N.V.

Company statement of changes in equity.

(in millions)	*Share capital*	*Share premium reserve*	*Other reserves including retained earnings*	*Currency translation reserve*	*Available for sale reserve*	*Cash flow hedge reserve*	*Reserves participations*	*Total*
Balance at 31 December 2010	**800**	**2,441**	**9,641**	**22**	**110**	**-976**	**61**	**12,099**
Total comprehensive income			856	1	-132	168	-87	806
Other changes			2				4	6
Balance at 30 June 2011	**800**	**2,441**	**10,499**	**23**	**-22**	**-808**	**-22**	**12,911**
Balance at 31 December 2011	**800**	**2,441**	**10,106**		**-314**	**-1,690**	**82**	**11,425**
Total comprehensive income			745	4	56	-267	49	587
Dividend			-88					-88
Derecognition of the MCS liability		2,000						2,000
Settlement with ageas		-400						-400
Balance at 30 June 2012	**800**	**4,041**	**10,763**	**4**	**-258**	**-1,957**	**131**	**13,524**

Other reserves including retained earnings also includes a legal reserve for participating interests of EUR 82 million (2011: EUR 96 million) which relates to profits from participating interests.

ABN·AMRO

interim financial report 2012

ABN AMRO Group N.V.

Notes to the reader

Introduction

This is the Interim Financial Report for the first half year of 2012 of ABN AMRO Group N.V. and its consolidated subsidiaries (ABN AMRO). The Interim Financial Report consists of the Interim Managing Board report and the Condensed Consolidated Interim Financial Statements.

Presentation of information

The financial information contained in this Interim Financial Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

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

Unless otherwise stated, all figures are given in carrying amount according to the mixed model valuation basis as described by IFRS.

This report can be downloaded from abnamro.com

For more information, please go to abnamro.com/ir or contact us at investorrelations@nl.abnamro.com

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table of contents

Chairman's review 1

The operating environment in the first half of 2012 remained challenging, as anticipated. The recession, which started in the second half of 2011, continues to impact the Dutch economy. This is reflected in a sharp increase in the number of business failures compared with the first six months of 2011 and in the unemployment rate, which although still relatively low, has increased over the past three quarters.

The bank realised a satisfactory result for the first six months of 2012 in this difficult operating environment which predominantly affected the Dutch activities.

The contribution of the international activities remained unchanged compared to last year. Underlying net profit was EUR 827 million, 15% lower than the first six months of 2011. A modest improvement in the operating result was more than offset by a rise in loan impairments in most of our activities. Cost containment and integration benefits contributed to an improved cost/income ratio of 59%. The core Tier 1 capital position increased significantly following the settlement reached with Ageas. A Tier 2 transaction was executed in July 2012, to further enhance the Tier 2 and total capital position ahead of Basel III implementation. Including this transaction, a total of EUR 14.6 billion of long-term funding has been issued year-to-date, with all long-term funding maturing in 2012 already refinanced by last April.

The bank continues to invest and to improve its leading retail banking position, with an intensified focus on mobile and internet banking. Our upgraded client portal has been well received and monthly mobile banking transactions have overtaken internet banking transactions for the first time, testifying to an ongoing shift in client behaviour.

For the remainder of 2012 we expect markets to remain subdued, loan impairments to increase further and banking tax to have a significant impact (approximately EUR 100 million). As before, our main focus will be on our clients, the quality of our services, cost containment, asset quality and the final elements of the integration process.

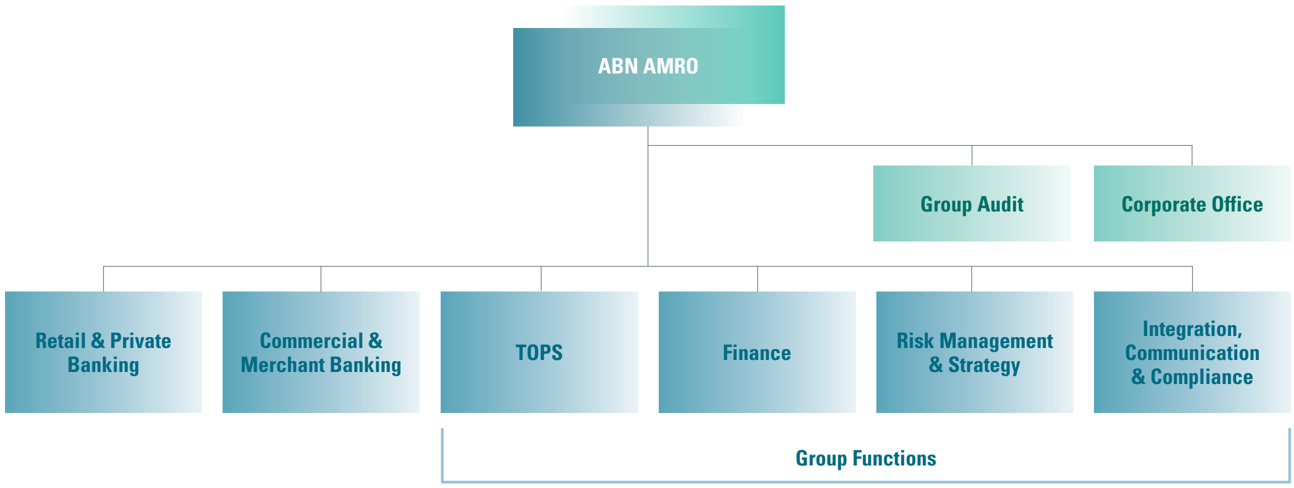
Gerrit Zalm
Chairman of the Managing Board

Interim Managing Board report

operating and financial review 2

This Operating and Financial Review includes a discussion and analysis of the results of operations and financial condition of ABN AMRO Group and its different segments for the six-month period to 30 June 2012. ABN AMRO is organised into Retail & Private Banking (R&PB), Commercial & Merchant Banking (C&MB) and Group Functions.

Each member of the Managing Board is responsible for either a business segment or a support unit within Group Functions. The Chairman of the Managing Board oversees the general management of ABN AMRO and is responsible for Group Audit and the Corporate Office, as shown in the diagram below.



For financial reporting purposes, in 2011 the Managing Board adopted a further refinement of ABN AMRO's segment reporting as follows:

- Retail Banking;
- Private Banking;
- Commercial Banking;
- Merchant Banking;
- Group Functions.

ABN AMRO's performance is reported in accordance with International Financial Reporting Standards as adopted by the European Union. This section should be read in conjunction with the Condensed Consolidated Interim Financial Statements 2012 (including the summary of significant accounting policies). The reported figures have been impacted by several items which are related to the demerger of ABN AMRO Bank from RBS N.V., the separation of Fortis Bank Nederland (FBN) from BNP Paribas Fortis and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the 2011 and 2012 figures have been adjusted for these items. The analysis in this section is based on the underlying results both for the Group and the business segments. A more detailed overview of the separation and integration-related costs as well as a reconciliation of the reported and underlying results is provided under "Reconciliation from reported to underlying results" at the end of this section.

ABN AMRO Group's reported net profit in the first half of 2012 amounted to EUR 743 million and included separation and integration-related costs of EUR 84 million net of tax. The underlying net profit, which excludes these costs, was EUR 827 million.

Underlying results

(in millions)	First half 2012	First half 2011	Change
Net interest income	2,515	2,566	-2%
Net fee and commission income	788	973	-19%
Other non-interest income	510	571	-11%
Operating income	**3,813**	**4,110**	**-7%**
Personnel expenses	1,154	1,414	-18%
Other expenses	1,093	1,184	-8%
Operating expenses	**2,247**	**2,598**	**-14%**
Operating result	**1,566**	**1,512**	**4%**
Impairment charges on loans and other receivables	554	310	79%
Operating profit before taxes	**1,012**	**1,202**	**-16%**
Income tax expenses	185	228	-19%
Profit for the period	**827**	**974**	**-15%**

Other indicators

	First half 2012	First half 2011
Underlying cost/income ratio	59%	63%
Return on average equity	14%	16%
Return on average RWA (in bps)	135	174
NII/average total assets (in bps)	122	133
Cost of risk (in bps)	90	55

	30 June 2012	31 December 2011	Change
RWA/total assets	30%	29%	
Assets under Management (in EUR billion)	155.0	146.6	6%
Risk-weighted assets (in EUR billion)	124.4	118.3	5%
FTEs	23,863	24,225	-1%

Divestments influenced the year-on-year developments in both operating income and expenses, but had only a small impact on the development of net profit.

The decline in underlying net profit was the result of higher impairment charges on loans and other receivables. Releases from the credit umbrella and other EC Remedy-related provisions totalling EUR 129 million net of tax in the first half of 2012 partly mitigated this decline.

Operating income

Compared to the first half of 2011, operating income decreased by 7% to EUR 3,813 million. Excluding divestments, it decreased by 4%.

Net interest income declined by 2%. Although competition in the Dutch savings market eased somewhat in the second quarter of 2012, margins on savings remained under pressure. Lower margins were partly offset by higher volumes as customer deposits increased by EUR 7.9 billion in the first six months of 2012. In addition, funding costs increased as the maturity profile was further lengthened. The decline in net interest income was partly offset by the following developments: improvement of margins on part of mortgage portfolio; the ECT loan book (LC&MB) grew compared to the same period a year ago; and securities financing volumes (Markets) were also higher.

Divestments had a marginal negative impact on net interest income.

Net fee and commission income declined by 19%. Transaction volumes were lower due to market uncertainty, and 2011 included several large items. Declines were recorded in all business lines with the exception of Merchant Banking, which benefitted especially from higher fees and commissions in ECT. Excluding divestments, the decline in net fee and commission income would have been 12%. Other non-interest income excluding divestments was 11% lower compared to the first half of 2011, due to a combination of less favourable Credit Valuation Adjustments (CVA) and lower results related to hedge accounting ineffectiveness.

Excluding divestments, the decline in other income would have been 9%. Releases from the credit umbrella and other EC Remedy-related provisions in the first half of 2012 partially offset this decline.

From total operating income 83% was generated in the Netherlands, 11% in the rest of Europe and 6% in the rest of the world.

Operating expenses

Operating expenses decreased by 14% or EUR 263 million. Excluding a EUR 200 million restructuring charge taken in the first half of 2011 and the impact of divestments, operating expenses were largely unchanged. The positive effect of reclassifications was offset by increased operational losses resulting from cybercrime and several smaller cost increases, including additions to legal and other provisions.

Operating result

There was a modest increase in operating result to EUR 1,566 million and the cost/income ratio improved by 4 percentage points (pp) to 59%.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables increased by EUR 244 million, as the economic downturn led to higher impairment charges especially in the sectors construction, (commercial) real estate and retail. Impairment charges on mortgages increased from 8bps to 11bps (over total mortgage book), following a decline in house prices and lower auction revenues. Consumer loans also showed a small increase in impairment charges, while impairment charges on SME loans remained at elevated levels. Total impairment charges over average RWA (cost of risk) were 90bps in the first half of 2012, up from 55bps in the first half of 2011.

Income tax expenses

The underlying effective tax rate over the first half of 2012 decreased slightly from 19% to 18%.

FTEs

The number of full-time equivalents excluding temporary staff (FTEs) fell by 362 compared with year-end 2011, largely resulting from progress on integration within Group Functions and further optimisation of the branch network. The number of FTEs declined in Retail Banking (217), Private Banking (48) and Group Functions (298), partly offset by an increase in FTEs in Commercial Banking (76) and Merchant Banking (125). The increase in Merchant Banking is due to the expansion of the foreign activities and the strengthening of certain product capabilities.

Assets under Management

In the first six months of 2012, Assets under Management (AuM) grew by EUR 8.4 billion to EUR 155.0 billion. Approximately three quarters of the increase relates to market performance, with the remainder attributable to an increase in net new assets, predominantly in deposits.

Condensed consolidated statement of financial position

(in millions)	30 June 2012	31 December 2011
Cash and balances at central banks	13,928	7,641
Financial assets held for trading	32,429	29,523
Financial investments	18,555	18,721
Loans and receivables – banks	51,269	61,319
Of which securities financing activities	*28,107*	*27,825*
Loans and receivables – customers	288,069	272,008
Of which securities financing activities	*25,687*	*16,449*
Other	17,055	15,470
Total assets	**421,305**	**404,682**
Financial liabilities held for trading	23,925	22,779
Due to banks	31,160	30,962
Of which securities financing activities	*11,994*	*12,629*
Due to customers	229,357	213,616
Of which securities financing activities	*33,434*	*25,394*
Issued debt	94,617	96,310
Subordinated liabilities	6,789	8,697
Other	21,915	20,898
Total liabilities	**407,763**	**393,262**
Equity attributable to the owners of the parent company	13,524	11,400
Equity attributable to non-controlling interests	18	20
Total equity	**13,542**	**11,420**
Total liabilities and equity	**421,305**	**404,682**

Total assets

Total assets grew by EUR 16.6 billion to EUR 421.3 billion at 30 June 2012. The increase was due mainly to an increase in securities financing client volumes, growth in the commercial loan book and fair value changes of interest rate derivatives.

Cash and balances at central banks

Cash and balances at central banks rose by EUR 6.3 billion, predominantly as a result of an increase in overnight deposits placed at DNB.

Financial assets held for trading

Financial assets held for trading increased by EUR 2.9 billion, due mainly to a significant shift in the interest curve resulting in fair value changes of interest rate derivatives. A similar change was recorded in derivative positions included in financial liabilities held for trading.

Loans and receivables – banks

Loans and receivables – banks decreased by EUR 10.1 billion, due mainly to lower term deposits at (central) banks. This was partly offset by higher collateral requirements for the derivative positions.

Loans and receivables – customers

Loans and receivables – customers increased by EUR 16.1 billion to EUR 288.1 billion. The increase was largely due to growth in securities financing volumes with professional counterparties. Excluding securities financing, the loan portfolio increased by EUR 6.8 billion, predominantly due to growth in Merchant Banking. The mortgage portfolio was stable at EUR 155.4 billion, even though ABN AMRO's market share of new mortgage production rose to over 20%[1] in the first six months of 2012.

Loans and receivables – customers

(in millions)	30 June 2012	31 December 2011
Loans and receivables – customers other (incl. impairments)	**262,382**	**255,559**
R&PB	179,123	178,507
C&MB	78,207	72,075
Group Functions	5,052	4,977
Securities financing activities	**25,687**	**16,449**
Total loans and receivables – customers	**288,069**	**272,008**

Total liabilities

Total liabilities were up EUR 14.5 billion to EUR 407.8 billion, due mainly to a large increase in Due to customers.

Financial liabilities held for trading

Financial liabilities held for trading increased by EUR 1.1 billion, due mainly to a significant shift in the interest curve resulting in fair value change of interest-rate derivatives offset by a decrease in the short positions.

Due to customers

Due to customers increased by EUR 15.7 billion to EUR 229.4 billion. The increase was linked for a large part to growth in both securities financing volumes (EUR 8.0 billion) and growth in total deposits (EUR 7.9 billion). The largest inflow was seen in Retail (EUR 4.1 billion) as well as Private Banking (EUR 3.2 billion) due mainly to the payment of holiday allowances and the successful roll-out of MoneYou in Germany.

[1] Source: Kadaster (Dutch Land Registry Office).

Due to customers

(in millions)	30 June 2012	31 December 2011
Total Deposits	**195,673**	**187,797**
R&PB	133,602	126,279
C&MB	58,523	54,855
Group Functions	3,548	6,663
Other (incl. securities financing activities)	**33,684**	**25,819**
Total Due to customers	**229,357**	**213,616**

Issued debt

Issued debt decreased by EUR 1.7 billion to EUR 94.6 billion. The decrease was due mainly to lower use of short-term funding (CP/CD), while newly issued long-term funding exceeded the redeemed long-term funding in the first half of 2012.

Subordinated liabilities

Subordinated liabilities showed a decrease of EUR 1.9 billion to EUR 6.8 billion, mainly resulting from the settlement of the legal disputes with Ageas, which resulted in the cancellation of the EUR 2.0 billion liability resulting from the conversion of Mandatory Convertible Securities (MCS).

Total equity

Total equity increased by EUR 2.1 billion, driven primarily by an increase of EUR 1.6 billion in equity following the settlement of the abovementioned legal disputes and EUR 0.7 billion of reported net profit.

Financial performance of Retail Banking

Underlying results

(in millions)	First half 2012	First half 2011	Change
Net interest income	1,286	1,337	-4%
Net fee and commission income	231	248	-7%
Other non-interest income	13	22	-41%
Operating income	**1,530**	**1,607**	**-5%**
Personnel expenses	234	244	-4%
Other expenses	616	608	1%
Operating expenses	**850**	**852**	**0%**
Operating result	**680**	**755**	**-10%**
Impairment charges on loans and other receivables	153	125	22%
Operating profit before taxes	**527**	**630**	**-16%**
Income tax expenses	131	154	-15%
Profit for the period	**396**	**476**	**-17%**

Other indicators

	First half 2012	First half 2011
Underlying cost/income ratio	56%	53%
Return on average RWA	252	287
Cost of risk (in bps)	97	75

	30 June 2012	31 December 2011	Change
Loan-to-deposit ratio	206%	218%	
Loans and receivables – customers (in billions)	162.3	162.6	0%
Of which mortgages (in billions)	*151.8*	*151.5*	*0%*
Due to customers (in billions)	76.1	72.0	6%
Risk-weighted assets (in billions)	29.4	32.3	-9%
FTEs (end of period)	6,463	6,680	-3%

Retail Banking serves Mass Retail and Preferred Banking[1] clients and offers a wide variety of banking and insurance products and services through the branch network, online, via contact centres and through subsidiaries.

Retail Banking's net profit in the first half of 2012 was down by EUR 80 million to EUR 396 million as a result of lower operating income and higher impairment charges.

Operating income

Operating income for the first half of 2012 showed a decline of EUR 77 million or 5% to EUR 1,530 million.

Net interest income decreased by EUR 51 million to EUR 1,286 million, as savings revenues were under pressure. Even though average savings volumes increased significantly, margins were lower as interest rates fell compared to a year ago. The average consumer loan book increased. Margins on the mortgage book improved, even though the average size of the mortgage book was slightly lower. Net fee and commission income showed a EUR 17 million decrease to EUR 231 million, due to lower transaction volumes as a result of unfavourable market conditions.

Operating expenses

Operating expenses were flat compared to the same period in 2011.

Personnel expenses decreased by 4% due to a lower number of FTEs as the branch network was further optimised. Other expenses showed a marginal increase as higher losses for cybercrime were compensated by a decrease in temporary staff expenses and intersegment costs.

Operating result

The operating result declined by EUR 75 million or 10%, and the cost/income ratio rose to 56% from 53% in the same period in 2011.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables increased by EUR 28 million to EUR 153 million. The increase in impairment charges is mainly related to the residential mortgage portfolio and to a lesser extent to consumer loans, reflecting a deterioration in the economic environment in the Netherlands compared to a year ago. The combination of increased impairment charges and a decrease in RWA pushed up the cost of risk by 22bps to 97bps.

[1] Preferred Banking is ABN AMRO's servicing concept for clients with a net monthly income exceeding EUR 5,000 or EUR 50,000-EUR 1 million in investable assets.

Loans and receivables – customers

Loans and receivables – customers showed a slight decrease compared to year-end 2011 to EUR 162.3 billion. The decrease was predominantly apparent in consumer loans as households used (part of) their holiday payments to reduce their borrowing. The residential mortgage book (more than 90% of Retail Banking´s loan book) was stable at EUR 151.8 billion. Although the number of mortgage transactions remained at low levels, new mortgage production picked up in May and June due to an anticipated increase in the transfer tax. Gross new production in the first half of 2012 was EUR 6 billion.

Due to customers

Due to customers rose by EUR 4.1 billion to EUR 76.1 billion at 30 June 2012. The increase (recorded mainly in savings deposits) was partly attributable to holiday payments and the successful roll-out of MoneYou in Germany.

FTEs

FTEs in Retail Banking decreased by 217 in the first six months of 2012 to 6,463, due mainly to further optimisation of the branch network and the transfer of several Business Banking account managers to Commercial Banking.

Financial performance of Private Banking

Underlying results

(in millions)	First half 2012	First half 2011	Change
Net interest income	275	261	5%
Net fee and commission income	253	317	-20%
Other non-interest income	39	34	15%
Operating income	**567**	**612**	**-7%**
Personnel expenses	218	242	-10%
Other expenses	221	222	0%
Operating expenses	**439**	**464**	**-5%**
Operating result	**128**	**148**	**-14%**
Impairment charges on loans and other receivables	54	11	
Operating profit before taxes	**74**	**137**	**-46%**
Income tax expenses	11	21	-48%
Profit for the period	**63**	**116**	**-46%**

Other indicators

	First half 2012	First half 2011
Underlying cost/income ratio	77%	76%
Return on average RWA	88	169
Cost of risk (in bps)	75	16

	30 June 2012	31 December 2011	Change
Loan-to-deposit ratio	28%	28%	
Loans and receivables – customers (in billions)	16.8	16.0	5%
Of which mortgages (in billions)	*3.5*	*3.6*	*-2%*
Due to customers (in billions)	57.5	54.3	6%
Risk-weighted assets (in billions)	14.0	13.8	1%
FTEs (end of period)	3,698	3,746	-1%

Private Banking provides global wealth management solutions to its clients and offers a rich array of products and services designed to address their individual needs. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands and internationally under the name ABN AMRO Private Banking and local brands such as Banque Neuflize OBC in France and Bethmann Bank in Germany. The Private Banking segment includes the activities of the International Diamond & Jewelry Group (ID&JG).

Private Banking's net profit declined by EUR 53 million to EUR 63 million as a result of lower fee levels and higher impairment charges. Divestments influenced the analysis of both operating income and expenses, but had only a small positive impact on net profit in 2011.

Operating income

Operating income showed a decrease of 7% to EUR 567 million. Excluding the divestment of the Swiss Private Banking activities, operating income was almost unchanged.

Net interest income increased by 5% to EUR 275 million as clients switched out of investments into cash, partly offset by the divestment. Net fee and commission income decreased significantly by 20% due to volatile stock markets and structurally lower fee income following the divestment of the Swiss Private Banking activities. Other non-interest income rose by EUR 5 million to EUR 39 million as a EUR 12 million provision related to the divestment in Switzerland was released in the first quarter of 2012.

Operating expenses

Operating expenses declined by 5% or EUR 25 million. Excluding the divestment, costs increased somewhat as a result of higher intersegment costs.

Operating result

The operating result fell by 14% to EUR 128 million, while the cost/income ratio deteriorated to 77% from 76%.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables showed a sharp increase to EUR 54 million for the first half of 2012. Impairment charges were taken for commercial real estate-linked exposures, the diamond financing activities and some legacy products.

Loans and receivables – customers

Loans and receivables – customers rose 5% to EUR 16.8 billion, due in particular to an increase in international private banking activities.

Due to customers

Due to customers increased by EUR 3.2 billion as a result of deposit inflow, mainly in the international private banking activities, and clients switching from securities to cash.

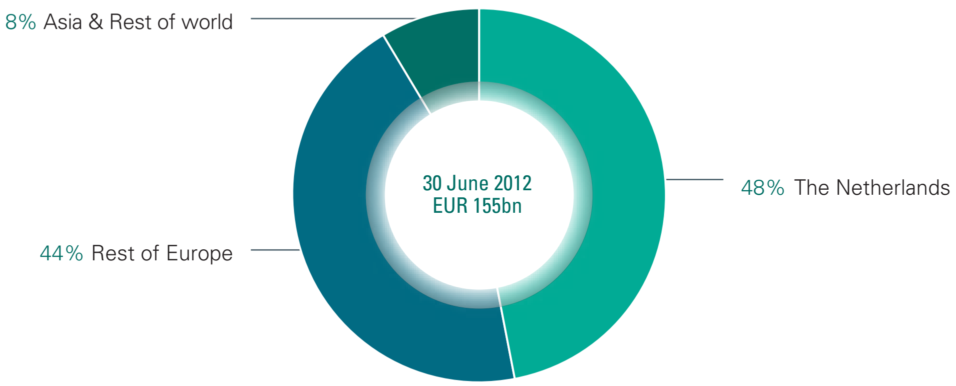
Assets under Management

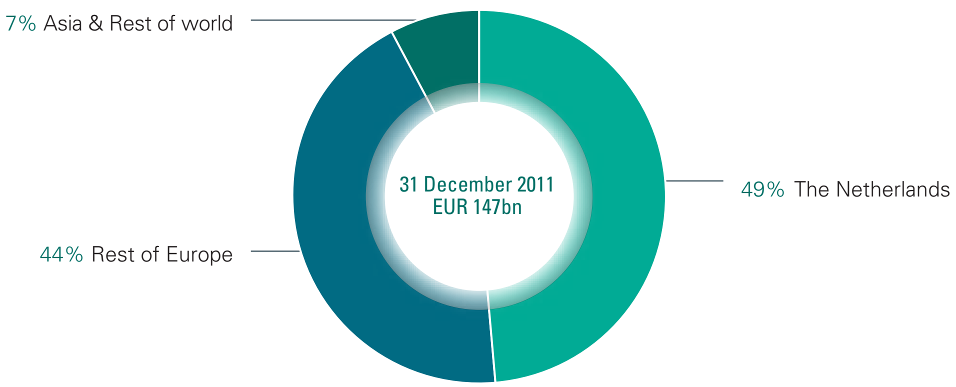
Assets under Management (AuM) increased by EUR 8.4 billion to EUR 155.0 billion as a result of improved market performance of the securities portfolios and net new assets of EUR 2.3 billion, mainly in international private banking. Net new assets comprised mainly cash.

Assets under Management development

(in billions)	30 June 2012	31 December 2011
Opening Balance AuM as at 1 January	**146.6**	**164.2**
Net new assets (excl. sales/acquisitions)	2.3	0.9
Market Performance	6.1	-9.3
Divestments/acquisitions		-5.0
Other (incl. sales /acquisitions)		-4.2
Closing Balance AuM	**155.0**	**146.6**

Assets under Management by geography





Financial performance of Commercial Banking

Underlying results

(in millions)	First half 2012	First half 2011	Change
Net interest income	614	627	-2%
Net fee and commission income	160	195	-18%
Other non-interest income	10	45	-78%
Operating income	**784**	**867**	**-10%**
Personnel expenses	160	176	-9%
Other expenses	336	410	-18%
Operating expenses	**496**	**586**	**-15%**
Operating result	**288**	**281**	**2%**
Impairment charges on loans and other receivables	241	229	5%
Operating profit before taxes	**47**	**52**	**-10%**
Income tax expenses	12	16	-25%
Profit for the period	**35**	**36**	**-3%**

Other indicators

	First half 2012	First half 2011
Underlying cost/income ratio	63%	68%
Return on average RWA	26	27
Cost of risk (in bps)	177	172

	30 June 2012	31 December 2011	Change
Loan-to-deposit ratio	126%	122%	
Loans and receivables – customers (in billions)	42.2	41.9	1%
Due to customers (in billions)	33.0	34.0	-3%
Risk-weighted assets (in billions)	26.5	28.3	-6%
Of which operational risk	*2.2*	*1.9*	*16%*
FTEs (end of period)	3,623	3,547	2%

Commercial Banking serves commercial clients with annual turnover up to EUR 500 million and clients in the public sector, commercial finance and leasing. Commercial Banking consists of two business lines: Business Banking and Corporate Clients.

Net profit for Commercial Banking continues to be impacted by high impairment charges on loans and other receivables. Net profit for the first half of 2012 amounted to EUR 35 million (compared to EUR 36 million in the first half of 2011). To align with market practice, as from 2012 lease costs are recorded in operating income (other non-interest income) and no longer in (other) operating expenses.

Operating income

Operating income amounted to EUR 784 million, down by EUR 83 million, due mainly to the divestment of FCF International (FCF), and the abovementioned reclassification of lease costs.

Net interest income decreased by EUR 13 million to EUR 614 million. Excluding the impact of the divestment of FCF, net interest income would have increased marginally, mainly as a result of volume growth in the Corporate Clients commercial loan portfolio as well as growth of the lease portfolio. Net fee and commission income declined by EUR 35 million, due chiefly to the abovementioned divestment. The decrease in other non-interest income related predominantly to the abovementioned reclassification of lease costs from other expenses.

Operating expenses

Operating expenses declined by EUR 90 million, due mainly to the abovementioned reclassification, divestment as well as lower intersegment costs.

Personnel expenses decreased by EUR 16 million to EUR 160 million, primarily as a result of the divestment of FCF. Excluding the divestment, personnel expenses increased marginally. Other expenses fell by EUR 74 million to EUR 336 million, largely due to the abovementioned reclassification. Excluding these effects, other expenses decreased by 3%, primarily reflecting lower intersegment costs for Business Banking.

Operating result

The operating result showed a marginal increase and the cost/income ratio improved to 63% (from 68% for the first half of 2011).

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables amounted to EUR 241 million in the first half of 2012, up EUR 12 million compared to the same period in 2011. Impairment charges are still at elevated levels, with risk costs at 177bps. The construction, retail and (commercial) real estate-related sectors are amongst those affected.

Loans and receivables – customers

Loans and receivables – customers increased by EUR 0.3 billion compared to year-end 2011 to EUR 42.2 billion, due mainly to EUR 1.3 billion volume growth in both Business Banking and Corporate Clients, offset by re-allocation of certain Markets-related product positions to Markets.

Due to customers

Due to customers declined by 3% to EUR 33.0 billion, partly on the re-allocation of positions to Markets. Business Banking showed a decline in volume, but this was offset to some extent by growth in Corporate Clients.

FTEs

The number of FTEs increased by 75 to 3,623, due mainly to the internal transfer of Business Banking account managers from Retail Banking.

Financial performance of Merchant Banking

Underlying results

(in millions)	First half 2012	First half 2011	Change
Net interest income	320	253	26%
Net fee and commission income	193	174	11%
Other non-interest income	282	280	1%
Operating income	**795**	**707**	**12%**
Personnel expenses	155	139	12%
Other expenses	295	283	4%
Operating expenses	**450**	**422**	**7%**
Operating result	**345**	**285**	**21%**
Impairment charges on loans and other receivables	106	-38	
Operating profit before taxes	**239**	**323**	**-26%**
Income tax expenses	33	40	-18%
Profit for the period	**206**	**283**	**-27%**

Other indicators

	First half 2012	First half 2011
Underlying cost/income ratio	57%	60%
Return on average RWA	100	179
Cost of risk (in bps)	51	-24

	30 June 2012	31 December 2011	Change
Loan-to-deposit ratio	135%	137%	
Loans and receivables – customers (in billions)	61.7	46.6	32%
Due to customers (in billions)	59.2	46.6	27%
Risk-weighted assets (in billions)	45.0	36.1	25%
FTEs (end of period)	2,123	1,998	6%

Merchant Banking serves Netherlands-based corporates, financial institutions and real estate investors as well as international companies active in Energy, Commodities & Transportation (ECT). Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking (LC&MB) which includes ECT and Private Equity, and Markets which includes the Clearing activities.

Net profit for the first half of 2012 amounted to EUR 206 million, down from EUR 283 million in the first half of 2011, as a result of higher impairment charges, partly offset by a higher operating result.

Operating income
Operating income improved by 12% or EUR 88 million compared to the first half of 2011.

Net interest income increased by 26% to EUR 320 million, due mainly to higher interest income in the Markets activities. The remainder of the growth came from ECT and Clearing. Net fee and commission income increased by 11% to EUR 193 million, mainly reflecting growth in the ECT business which, together with Clearing, is the main source of fee income within Merchant Banking. Other non-interest income was EUR 282 million, in line with the previous year. However Markets sales and trading showed better results, which was offset by lower private equity results and a one-off gain last year in Clearing.

Operating expenses
Operating expenses increased by EUR 28 million to EUR 450 million, due primarily to higher staff costs.

Personnel expenses rose 12% to EUR 155 million, mainly as a result of growth in foreign operations as well as the acquisition of approximately 60 merchant banking professionals from RBS N.V. Other expenses were up 4% to EUR 295 million, mainly reflecting higher depreciation and operational losses from cybercrime, offset by slightly lower intersegment costs.

Operating result
The operating result rose 21% to EUR 345 million and the cost/income ratio improved to 57% from 60% in the first half of 2011.

Impairment charges on loans and other receivables
Impairment charges on loans and other receivables over the first half of 2012 amounted to EUR 106 million. The same period in 2011 showed a release of EUR 38 million. No significant releases were recorded in the first half of 2012, and several impairments were recorded in the public and real estate sectors. Cost of risk increased to 51bps.

Loans and receivables – customers
Loans and receivables – customers amounted to EUR 61.7 billion, an increase of EUR 15.1 billion. Client volumes in securities financing activities increased, while growth was recorded in LC&MB's commercial loan portfolio and current accounts in Clearing. In addition to this business growth, re-allocation of certain positions from Commercial Banking to Merchant Banking (Markets) also contributed to the increase in Loans and receivables – customers.

Due to customers
Due to customers rose EUR 12.6 billion to EUR 59.2 billion. This increase too was mainly attributable to increased client volumes in the securities-financing activities and to the re-allocation of certain positions from Commercial Banking.

FTEs
FTEs were up 125 to 2,123 due to growth in foreign operations and the acquisition of RBS professionals to strengthen certain product capabilities.

Financial performance of Group Functions

Underlying results

(in millions)	First half 2012	First half 2011	Change
Net interest income	20	89	-78%
Net fee and commission income	-49	38	
Other non-interest income	166	190	-13%
Operating income	**137**	**317**	**-57%**
Personnel expenses	387	614	-37%
Other expenses	-375	-340	10%
Operating expenses	**12**	**274**	**-96%**
Operating result	**125**	**43**	
Impairment charges on loans and other receivables		-17	-100%
Operating profit before taxes	**125**	**60**	**108%**
Income tax expenses	-2	-3	33%
Profit for the period	**127**	**63**	**102%**

Other indicators

	30 June 2012	31 December 2011	Change
Loans and receivables – customers (in billions)	5.1	5.0	2%
Due to customers (in billions)	3.5	6.7	-47%
Risk-weighted assets (in billions)	9.5	7.8	22%
FTEs (end of period)	7,956	8,254	-4%

Group Functions supports the business segments and consists of Technology, Operations & Property Services (TOPS); Finance; Risk Management & Strategy; Integration, Communication & Compliance (ICC); Group Audit and the Corporate Office. The majority of Group Functions' costs are allocated to the businesses. Group Functions' results include the results of ALM/Treasury.

Operating income

Operating income declined by EUR 180 million, of which EUR 20 million resulted from the divestment of activities.

Net interest income decreased by EUR 69 million to EUR 20 million. The decline was due mainly to increased funding costs resulting from the lengthening of the funding maturity profile. Net fee and commission income dropped by EUR 87 million to EUR 49 million negative. Excluding divested activities, the drop amounted to EUR 67 million. This decline mainly reflected several positive large items in the first half of 2011 and a reclassification of international payment fees from other expenses in the first half of 2012. Other non-interest income was down by EUR 24 million, as the positive impact of releases from the credit umbrella and other EC Remedy-related provisions was more than offset by the impact of hedge accounting ineffectiveness, the results of movements in the foreign exchange and interest rates, and negative credit value adjustments.

Operating expenses

Operating expenses decreased by EUR 262 million to EUR 12 million. Excluding divested activities, operating expenses were down by EUR 219 million. The decrease in personnel expenses was due primarily to a restructuring provision of EUR 200 million taken in the first half of 2011, combined with lower FTE levels in the first half of 2012. Excluding divested activities, other expenses declined by EUR 5 million, due mainly to lower maintenance and depreciation expenses following the positive effect of the disposal of property, the abovementioned reclassification of payment fees, and higher intersegment revenues, which resulted in lower expenses in Group Functions.

FTEs

The number of FTEs fell by 298 to 7,956. The decrease in FTEs relates primarily to integration within Group Functions and natural attrition.

Reconciliation from reported to underlying results

Income statement

	Reported		Separation & integration-related costs		Underlying	
(in millions)	First half 2012	First half 2011	First half 2012	First half 2011	First half 2012	First half 2011
Net interest income	2,515	2,566			2,515	2,566
Net fee and commission income	788	973			788	973
Other non-interest income	510	571			510	571
Operating income	**3,813**	**4,110**			**3,813**	**4,110**
Operating expenses	2,359	2,744	112	146	2,247	2,598
Operating result	**1,454**	**1,366**	**-112**	**-146**	**1,566**	**1,512**
Impairment charges on loans and other receivables	554	310			554	310
Operating profit before taxes	**900**	**1,056**	**-112**	**-146**	**1,012**	**1,202**
Income tax	157	192	-28	-36	185	228
Profit for the period	**743**	**864**	**-84**	**-110**	**827**	**974**
Attributable to:						
Non-controlling interests	-2	8			-2	8
Owners of the company	745	856	-84	-110	829	966

Separation and integration-related costs

	First half 2012		First half 2011	
(in millions)	Gross	Net	Gross	Net
R&PB	12	9	13	10
C&MB	1	1	6	4
Group Functions (incl. restructuring provisions)	98	74	126	95
Integration costs	**111**	**84**	**145**	**109**
Separation costs	**1**		**1**	**1**
Closing EC Remedy				
Total	**112**	**84**	**146**	**110**

Large items and divestments

Impact of large items

First half of 2012: Several positive large items were recorded, totalling EUR 141 million after tax. These relate to releases from the credit umbrella and other EC Remedy-related provisions totalling EUR 129 million net of tax, with the remainder attributable to a release of a provision related to the sale of the private bank in Switzerland.

First half of 2011: Net profit for the first half of 2011 includes a restructuring provision of EUR 149 million after tax (EUR 200 million pre-tax), which was offset by several one-offs (totalling approximately EUR 150 million after tax).

Impact of divestments

A number of divestments were completed during 2011. The results of these entities and the transaction results are included in the financial results up to the completion date of the sale and transfer.

- The sale of Prime Fund Solutions (PFS) was completed on 2 May 2011. The sale did not materially impact earnings or regulatory capital. The results of PFS were recorded in Group Functions;
- The sale of the international division of Fortis Commercial Finance to BNP Paribas Fortis was completed on 3 October 2011. The sale led to a small book loss and did not have a material impact on earnings or on regulatory capital. The results of the international division of Fortis Commercial Finance were recorded in Commercial Banking;
- The sale of the Swiss Private Banking activities to Union Bancaire Privée, UBP SA was finalised on 31 October 2011. The sale of these activities led to a solid book gain.

risk management 3

This section provides an update on risk developments in terms of the main risks that ABN AMRO faced during the first half of 2012. These developments are covered under thee main headings: credit risk, market risk in the banking- and trading book, and operational risk. General information on risk management, risk governance, risk types, and definitions is provided in the ABN AMRO Annual Report 2011 (section 8, Risk Management).

Key developments for the first half of 2012

In the first half of 2012 ABN AMRO has seen a modest increase in the impaired portfolio, however impairment charges on loans and receivables increased, reflecting deteriorating economic circumstances in the Netherlands and abroad. Lower investments and lower consumer confidence are affecting the SME market, as reflected in higher impairment charges in Commercial Banking as from the second half of 2011.

In the commercial loan book, the deterioration is visible across the board, but most noticeably in construction, retail and commercial real estate. The increase in impairment charges also results from the decline in the values of collateral pledged as security, such as premises and equipment.

The Dutch housing market continued to slow down in the first half of 2012, with further declines seen in housing prices. However, the residential mortgage portfolio showed resilience with impaired ratios almost unchanged compared to year-end 2011. A further increase in unemployment levels in the Netherlands could however lead to higher impairment charges. The impaired portfolio in consumer loans remained stable.

Credit risk

ABN AMRO is subject to credit risk through its lending, trading, hedging and investment activities, and in cases where it acts as an intermediary on behalf of customers or other third parties or where it issues guarantees.

The following table presents ABN AMRO's maximum exposure to credit risk. The financial instruments subject to credit risk are presented in accordance with IFRS at carrying amounts net of impairment allowances, but without consideration of collateral or other credit enhancements. As ABN AMRO assesses credit risk on Exposure at Default (EAD), the table itself does not reflect ABN AMRO's risk management view.

Maximum exposure to credit risk

(in millions)	Note	30 June 2012		31 December 2011	
Cash and balances at central banks		13,928		7,641	
			13,928		**7,641**
Financial assets held for trading	6	32,429		29,523	
Less: equity securities		11,041		10,808	
			21,388		**18,715**
Financial investments	7	18,555		18,721	
Less: equity instruments		226		234	
Less: private equities and venture capital		140		133	
			18,189		**18,354**
Loans and receivables – banks	8	51,269		61,319	
			51,269		**61,319**
Loans and receivables – customers	9	288,069		272,008	
			288,069		**272,008**
Accrued income and prepaid expenses		4,339		4,369	
			4,339		**4,369**
Other assets		8,378		6,845	
Less: Unit-linked investments		2,158		2,060	
Less: Defined benefit assets		1,007		734	
Less: Other		1,271		1,280	
			3,942		**2,771**
On-balance sheet maximum exposure to credit risk			**401,124**		**385,177**
Off-balance sheet					
Committed credit facilities		14,637		14,484	
Guarantees and other commitments		18,341		18,056	
Revocable credit facilities[1]		64,210		65,910	
Off-balance sheet credit facilities and guarantees			**97,188**		**98,450**
Maximum exposure to credit risk			**498,312**		**483,627**

[1] Although not committed, ABN AMRO is of the opinion that revocable credit facilities give rise to credit risk. These are not included as committed credit facilities in note 16 of the Condensed Consolidated Interim Financial Statements.

An explanation of the movements is provided in the Operating & Financial Review section.

The following table shows the quality of the portfolio by Basel II exposure class.

Differences in IFRS carrying amount and EAD are mainly caused by scope differences, valuation differences, netting and a fraction (expected to be drawn prior to default) of the off-balance sheet exposure. Further information about the reconciliation of carrying amount and EAD is provided in the ABN AMRO Annual Report 2011 (Section 8, Risk Management).

Credit quality by Basel II exposure class

(in millions, Exposure at Default)							30 June 2012
	Investment grade	Sub-investment grade	Default without provision	Default with provision	Total rated (IRB advanced)	Total unrated (standardised approach)	Total rated and unrated
Central Governments and Central Banks	33,187	68			33,255	941	34,196
Institutions[1]						20,660	20,660
Corporates	28,644	49,161	1,928	5,807	85,540	19,863	105,403
Retail	105,229	26,103	228	2,863	134,423	7,019	141,442
Total Exposure at Default[2]	**167,060**	**75,332**	**2,156**	**8,670**	**253,218**	**48,483**	**301,701**
							31 December 2011
Central Governments and Central Banks	37,682	901			38,583	1,984	40,567
Institutions[1]	130	72			202	23,369	23,571
Corporates	19,779	45,977	2,812	5,808	74,376	20,203	94,579
Retail	96,892	34,113	210	2,758	133,973	7,201	141,174
Total Exposure at Default[2]	**154,483**	**81,063**	**3,022**	**8,566**	**247,134**	**52,757**	**299,891**

[1] Institutions: includes, amongst others, exposures to banks and investment undertakings, regional governments and local authorities, and pension funds.

[2] The total does not include Exposure at Default calculated for securitisation, equities not held for trading and other non-credit obligation assets.

Exposure at Default increased by EUR 1.8 billion, compared with a rise of EUR 14.7 billion in maximum exposure to credit risk (IFRS). The increase in EAD is significantly smaller than the increase in maximum credit risk exposure, mainly as a result of applying netting, collateral and other eligible risk mitigants.

For securities financing transactions the carrying amount increased by EUR 9.5 billion, which was offset by netting of customer transactions to result in an EAD impact of EUR 1.3 billion. Trading and non-trading derivative assets grew by EUR 3.1 billion. However, the EAD on these assets reduced by EUR 0.8 billion, mainly due to increased collateral requirements. Loans and receivables in the statement of financial position also grew due to higher levels of collateral placed with other banks against derivative liabilities, but this collateral has no EAD.

ABN AMRO has unwound an effective securitisation programme. This did not affect the statement of financial position, because the assets continued to be recognised. However, EAD on Corporates increased by EUR 4.3 billion and EAD in Retail rose by EUR 1.5 billion. The rise on EAD on Corporates was due to growth in the commercial loan portfolio as well as the unwinding of the abovementioned securitisation programme. The EAD on Central Governments and Central Banks decreased by EUR 6.4 billion, mainly due to lower term deposits at central banks.

The reduction in securitisations EAD (not included in the table above) to EUR 32.6 billion (31 December 2011: EUR 37 billion) was mainly due to the securitisation unwinding mentioned above.

Country risk

Geographic concentration by Exposure at Default

(in millions, Exposure at Default)	The Netherlands	Rest of Europe	USA	Asia	Rest of the world	Total
						30 June 2012
Central Governments and Central Banks	26,486	7,609	72	20	9	34,196
Institutions	4,609	11,087	1,588	2,851	525	20,660
Corporates	67,246	19,584	4,792	5,878	7,903	105,403
Retail	141,150	234	1	3	54	141,442
Total Exposure at Default[1]	**239,491**	**38,514**	**6,453**	**8,752**	**8,491**	**301,701**
						31 December 2011
Central Governments and Central Banks	31,982	8,106	51	161	267	40,567
Institutions	8,399	9,042	2,543	3,276	311	23,571
Corporates	59,773	19,151	3,434	5,547	6,674	94,579
Retail	140,945	178		1	50	141,174
Total Exposure at Default[1]	**241,099**	**36,477**	**6,028**	**8,985**	**7,302**	**299,891**

[1] The total does not include Exposure at Default calculated for securitisation, equities not held for trading and other non-credit obligation assets.

ABN AMRO's credit risk exposure is focused primarily on the Netherlands (79.4%), complemented by its specialised international businesses, in particular Energy, Commodities & Transportation (ECT) and Private Banking International.

Outside the Netherlands, European credit exposure is centred on the UK (23.8%), France (20.5%), Belgium (11.8%) and Germany (11.2%). Exposures in Italy and Spain are not material. Exposures in Asia and Rest of the World are mostly concentrated in the ECT business, while those in the USA are mainly in Clearing, ECT and the securities financing business.

The following table shows an overview of the carrying amounts of the largest consolidated exposures to European governments and government-related entities as at 30 June 2012. These exposures include debt issued by central governments and local governments and debt which is guaranteed by a central government. The figures for the Netherlands exclude government-guaranteed mortgages (NHG), but include corporate loans guaranteed by the Dutch State.

The exposures reported are part of Loans and receivables – customers, Assets held for trading, and Financial investments. The exposures are presented on a gross basis before impairments, without taking into account the benefits of risk mitigation measures such as hedges, collateral, and short positions across issuers.

European government and government-guaranteed exposures

(in billions)	30 June 2012			31 December 2011		
	Government	Government guaranteed	Gross carrying amount	Government	Government guaranteed	Gross carrying amount
Netherlands	11.7	1.3	13.0	11.7	1.4	13.1
France	2.2		2.2	2.4		2.4
Germany	1.7	0.4	2.1	2.8	0.5	3.3
Austria	1.3		1.3	1.3		1.3
Greece		1.2	1.2		1.3	1.3
Belgium	1.0		1.0	0.5	0.1	0.6
EU	0.8		0.8	0.7		0.7
Finland	0.4		0.4	0.3		0.3
Italy	0.3		0.3	0.3		0.3
Poland	0.3		0.3	0.2		0.2
United Kingdom	0.2		0.2	0.5		0.5
Spain	0.1		0.1	0.1		0.1
Portugal						
Ireland						
Total European exposure	**20.0**	**2.9**	**22.9**	**20.8**	**3.3**	**24.1**

ABN AMRO's government and government-guaranteed exposures outside the Netherlands remained limited in the first half of 2012. Outside the Netherlands, government and government-guaranteed exposures are mainly in France, Germany, Austria and Belgium. The decrease in the German exposure is mainly due to active management of the liquidity buffer. The increase in Belgium exposure is mainly due to primary dealership role and client demand.

An impairment allowance of EUR 0.9 billion is recorded against the EUR 1.2 billion exposure to Greece. Government and government-guaranteed exposures to Italy and Spain are also limited. ABN AMRO has no government or government-guaranteed exposures to Ireland and Portugal.

Industry concentration

ABN AMRO applies industry concentration limits for 21 industry clusters, mainly based on the Industry Classification Benchmark (ICB) system (not material industry clusters are aggregated as "other").

Industry concentration of overall credit risk by Exposure at Default

(in millions, Exposure at Default)	30 June 2012		31 December 2011	
	Exposure at Default	Total %	Exposure at Default	Total %
Industry sector				
Banks	39,275	13.0%	50,380	16.8%
Industrial goods and services	18,090	6.0%	19,563	6.5%
Real Estate	9,815	3.2%	9,510	3.2%
Financial services	9,635	3.2%	8,532	2.8%
Food and beverage	7,845	2.6%	5,872	2.0%
Retail	6,532	2.2%	5,505	1.8%
Oil and gas	6,282	2.1%	6,442	2.1%
Basic Resources	5,079	1.7%	4,503	1.5%
Healthcare	3,478	1.2%	3,428	1.1%
Construction and materials	2,773	0.9%	2,516	0.8%
Insurance	2,695	0.9%	1,151	0.4%
Other	26,504	8.7%	21,894	7.4%
Subtotal Industry Classification Benchmark	**138,003**	**45.7%**	**139,296**	**46.4%**
Private individuals (non-Industry Classification Benchmark)	140,739	46.7%	141,080	47.1%
Public administration (non-Industry Classification Benchmark)	22,959	7.6%	19,515	6.5%
Subtotal non-Industry Classification Benchmark	**163,698**	**54.3%**	**160,595**	**53.6%**
Total Exposure at Default[1]	**301,701**	**100.0%**	**299,891**	**100.0%**

[1] The total does not include Exposure at Default calculated for securitisation, equities not held for trading, and other non-credit obligation assets.

The significant concentration of credit risk exposures observed in the private individuals (non-Industry Classification Benchmark) consists mainly of residential mortgage loans and, to a lesser extent, consumer loans.

The EAD on Banks decreased by EUR 11.1 billion in the first half of 2012, mainly due to lower term deposits at (central) banks. The increase in Insurance of EUR 1.5 billion is due to more deposits at insurance companies that are collateralised with securities. Higher off-balance sheet volumes at ECT increased exposures in several industry sectors, including basic resources and food and beverages, with these being partly offset by lower exposures in oil and gas.

Residential mortgages

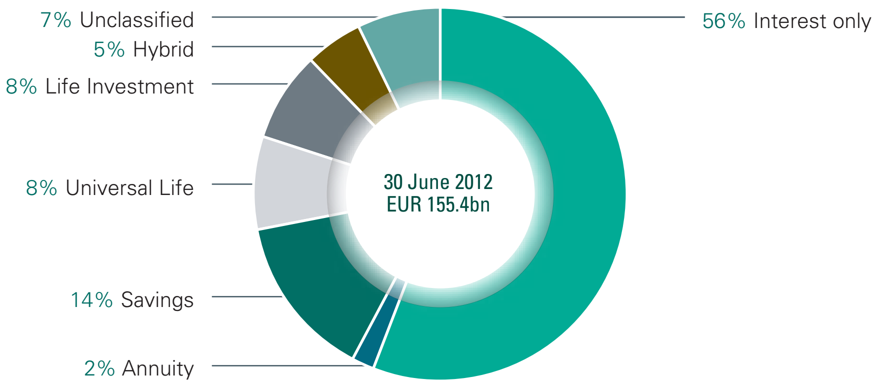
In the first half of 2012 new mortgage production was lower compared to previous years as consumer confidence declined to historically low levels and the economic outlook remained negative. Uncertainty regarding the future application of tax deductibility of interest on mortgages in the Netherlands also continued to affect the housing market negatively.

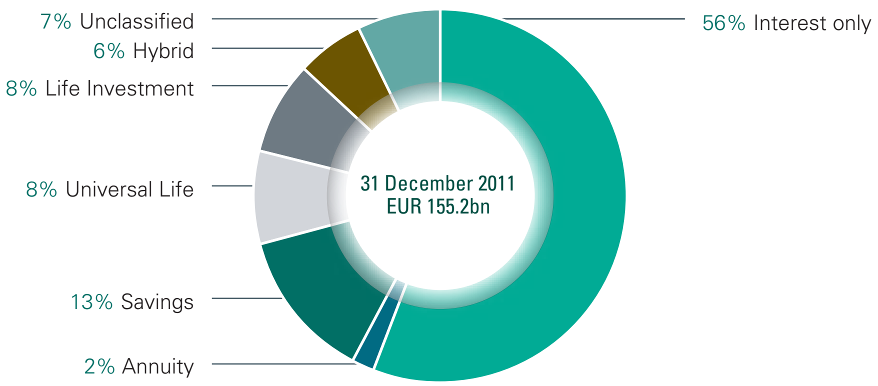
In April 2012, the Dutch government agreed to take measures to reduce the tax deductibility of mortgage interest as from 2013. Under these measures, tax deductibility will only apply to amortising loans, and current mortgages will not be affected. Pending elections in September 2012, these measures have not yet been signed into law and may be revised.

In the first half of 2012, the mortgage portfolio was stable at EUR 155.4 billion. About 55% of new mortgage origination is guaranteed under Nationale Hypotheek Garantie (NHG).

Of the total mortgage portfolio, 92% consists of fixed interest rate mortgage loans, with five and ten years being the most popular fixed periods.

Mortgage portfolio breakdown by loan type[1]





[1] The classified portfolio represents 94% of the total mortgage portfolio of EUR 155.4 billion by the end of the first half of 2012. The hybrid portfolio consists of a combination of savings and investment mortgages. The unclassified part of the portfolio comprises several smaller portfolios that are administered by external service providers. New production will only be recorded on the internal target platform, therefore the unclassified part of portfolio is expected to decrease over time.

In June 2012, 56% of the portfolio consisted of interest-only mortgages, in line with the Dutch mortgage market[1]. ABN AMRO's interest-only mortgage portfolio decreased by EUR 0.2 billion, as a result of the revised mortgage code of conduct agreed in August 2011, but remained the largest portfolio class. Newly originated mortgages were predominantly savings mortgages.

[1] Source: Kadaster (Dutch Land Registry Office)

Residential mortgages to indexed market value[1]

(in millions)	30 June 2012		31 December 2011	
	Gross carrying amount	Percentage	Gross carrying amount	Percentage
Loan-to-Market Value category				
NHG	33,941	22%	32,100	21%
<50%	24,120	16%	26,238	17%
50%-60%	10,214	7%	10,999	7%
60%-70%	11,982	8%	12,414	8%
70%-80%	11,575	7%	12,462	8%
80%-90%	14,396	9%	15,632	10%
90%-100%	14,520	9%	14,351	9%
100%-110%	13,997	9%	14,731	10%
110%-120%	10,436	7%	6,874	4%
120%-130%	1,110	1%	270	0%
>130%	342	0%	258	0%
Unclassified	8,733	5%	8,839	6%
Total	**155,366**	**100%**	**155,168**	**100%**

[1] ABN AMRO calculates the Loan-to-Market value using the indexation of the Dutch Land Registry Office (Kadaster) on a monthly basis. Capital (mortgage-linked savings or life insurance products) which has been set aside by the client to repay the loan is deducted from the loan amount.

In the first half of 2012, the average Loan-to-Market Value (LtMV) amounted to 79% (December 2011: 77%). The decline in house prices has resulted in a shift to higher LtMV classes compared to the end of 2011.

Since 2009, ABN AMRO has intensified its approach towards active management of the mortgage portfolio. A dedicated customer team is in place to offer specific solutions to clients facing financial difficulties, or to whom financial difficulties are anticipated. In addition, clients with a high LtMV have been approached to assess whether redemptions are possible.

In the first half of 2012 the impaired portfolio amounted to EUR 1,443 million, a modest increase of EUR 51 million as compared to year-end 2011. However the impaired ratio remained stable at 0.9%.

Energy, Commodities & Transportation

ABN AMRO has extensive experience of financing in the Energy, Commodities & Transportation sector and provides financial solutions and support to clients across the entire value chain of the ECT industries. ABN AMRO's ECT business benefits from deep sector knowledge and an active approach to risk and portfolio management that is embedded in all steps of the credit process. This approach has led to a portfolio characterised by low historic losses.

The ECT total loan portfolio comprises roughly 4% of the total loan book. Of this loan portfolio, half was in the Commodities sector, while the remainder comprised loans to clients in the Transportation (one third), and Energy (one sixth). The off-balance sheet credit facilities and guarantees relate mainly to clients in the Commodities sector, and amounted to around 20% of the total off-balance sheet exposure. The Commodities off-balance sheet facilities and guarantees increased during the first half of 2012. These mainly consists of short-term, largely uncommitted credit facilities. The Commodities loan portfolio grew slightly. Impairment allowances remained at low levels.

The Transportation portfolio is diversified in terms of segments with tankers, dry/wet bulk and container carriers. The main focus is on deep sea shipping industry (in particular modern, economical ships), and the container box industry. The majority of the portfolio has been originated as from 2008, in a relatively low asset value environment. In the first half of 2012, the Transportation portfolio increased slightly partially due to the strengthening of the US dollar. Despite challenging markets in certain parts of the shipping industry, in particular the tanker and dry cargo markets, impairment charges remained subdued.

The Energy portfolio includes a diversified customer base in the oil and gas and off-shore services industries, and is typically characterised by long-term contracts with large oil companies. Impairment allowances in the Energy portfolio remained negligible in the first half of 2012.

Commercial real estate

At 30 June 2012, the EAD of ABN AMRO's real estate exposures, including both commercial real estate and real estate for clients' own use, amounted to EUR 9.8 billion and increased by 3.2% compared to year-end 2011, mainly in Commercial Banking. The majority of the commercial real estate exposures consist of investments in Dutch property and are related to professional clients of Merchant Banking, Commercial Banking (including public sectors), and Private Banking. Exposures to office investments and land banks are limited.

In view of the negative outlook for the Dutch real estate sector, ABN AMRO has conducted an in-depth screening of all individual commercial real estate exposures in the business lines Merchant Banking, Commercial Banking and Private Banking. The screening assessed both the quality of the assets and the credit quality of the borrower and included an analysis of the Loan-to-Market Value as well as interest and principal repayment capacity. A EUR 44 million loan impairment charge for incurred but not identified (IBNI) on loans was recorded for all high-risk-rated real estate exposures. Consequently, the ratio of impairment charges over EAD in the real estate portfolio increased to 6.7% from 5.3% at year-end 2011.

Management has taken action to tighten commercial real estate loan approval policies and has increased the focus on management of the current portfolio.

Management of loans at risk and impaired loans

Loans at risk are primarily exposures for which signals have been detected indicating that the counterparty may become impaired in the future.

Financial assets that are past due but not impaired

(in millions)								30 June 2012
	Gross carrying amount	Carrying amount of assets (not classified as impaired)	Of which past due					Past due ratio
			≤ 30 days past due	> 30 days & ≤ 60 days past due	> 60 days & <90 days past due	>90 days past due	Total	
Loans and receivables – banks	**51,298**	**51,274**	**1**				**1**	**0.0%**
Loans and receivables – customers								
Residential mortgage (incl. fair value adjustment from hedge accounting)	159,844	158,401	1,960	833	348		3,141	2.0%
Other consumer loans	16,297	15,766	33	16	6	38	93	0.6%
Total consumer loans[1]	**176,141**	**174,167**	**1,993**	**849**	**354**	**38**	**3,234**	**1.8%**
Commercial loans (incl. fair value adjustment from hedge accounting)	89,234	82,605	639	32	10	110	791	0.9%
Other commercial loans[2]	27,125	27,079	8	1	1	2	12	0.0%
Total commercial loans	**116,359**	**109,684**	**647**	**33**	**11**	**112**	**803**	**0.7%**
Government and official institutions	1,132	1,132						0.0%
Total Loans and receivables – customers	**293,632**	**284,983**	**2,640**	**882**	**365**	**150**	**4,037**	**1.4%**
Total accrued income and prepaid expenses	**4,339**	**4,339**						**0.0%**
Other assets	**3,946**	**3,926**	**52**				**52**	**1.3%**
Total	**353,215**	**344,522**	**2,693**	**882**	**365**	**150**	**4,090**	**1.2%**

[1] Consumer loans in the program lending portfolio that are more than 90 days past due are immediately impaired.

[2] Other commercial loans consist of: reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

Financial assets that are past due but not impaired

(in millions)								31 December 2011
	Gross carrying amount	Carrying amount of assets (not classified as impaired)	Of which past due					Past due ratio
			≤ 30 days past due	> 30 days & ≤ 60 days past due	> 60 days & <90 days past due	>90 days past due	Total	
Loans and receivables – banks	**61,345**	**61,321**	**2**				**2**	**0.0%**
Loans and receivables – customers								
Residential mortgage (incl. fair value adjustment from hedge accounting)	159,031	157,639	1,885	671	730		3,286	2.1%
Other consumer loans	16,275	15,761	33	17	8	1	59	0.4%
Total consumer loans[1]	**175,306**	**173,400**	**1,918**	**688**	**738**	**1**	**3,345**	**1.9%**
Commercial loans (incl. fair value adjustment from hedge accounting)	83,487	76,877	831	76	47	136	1,090	1.3%
Other commercial loans[2]	17,303	17,277	6	1	1		8	0.0%
Total commercial loans	**100,790**	**94,154**	**837**	**77**	**48**	**136**	**1,098**	**1.1%**
Government and official institutions	1,432	1,432	1				1	0.1%
Total Loans and receivables – customers	**277,528**	**268,986**	**2,756**	**765**	**786**	**137**	**4,444**	**1.6%**
Total accrued income and prepaid expenses	**4,369**	**4,369**						**0.0%**
Other assets	**2,772**	**2,771**	**43**	**2**			**45**	**1.6%**
Total	**346,014**	**337,447**	**2,801**	**767**	**786**	**137**	**4,491**	**1.3%**

1 Consumer loans in the program lending portfolio that are more than 90 days past due are immediately impaired.

2 Other commercial loans consist of: reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

The overall past due ratio improved by 0.1% to 1.2% in the first half of 2012, from 1.3% in 2011. This was mostly due to a decline in the past due portfolio of commercial loans due to tightened credit control.

The past due figure for the residential mortgages portfolio fell by EUR 145 million in the first half of 2012, mainly due to subdued inflow of past due files. In addition, further measures were taken to mitigate increased risk of past due inflows. These measures include ceilings on mortgage levels, specific client support, and improved late collection measures.

The following table provides information on impairments and impaired credit risk exposure. The difference between the impairment allowance in the following table and the total impairment allowance at 30 June 2012 in note 10 to the Condensed Consolidated Interim Financial Statements is mainly due to IBNI.

Impaired credit risk exposure

(in millions)					30 June 2012					31 December 2011
	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
Loans and receivables – banks	**51,298**	**24**	**-24**	**100.0%**	**0.0%**	61,345	24	-24	100.0%	0.0%
Loans and receivables – customers										
Residential mortgage (incl. fair value adjustment from hedge accounting)	159,844	1,443	-246	17.0%	0.9%	159,031	1,392	-239	17.2%	0.9%
Other consumer loans	16,297	531	-292	55.0%	3.3%	16,275	514	-288	56.0%	3.2%
Total consumer loans	**176,141**	**1,974**	**-538**	**27.3%**	**1.1%**	175,306	1,906	-527	27.6%	1.1%
Commercial loans (incl. fair value adjustment from hedge accounting)[1]	89,234	6,629	-4,566	68.9%	7.4%	83,487	6,610	-4,606	69.7%	7.9%
Other commercial loans[2]	27,125	46	-46	100.0%	0.2%	17,303	26	-26	100.0%	0.2%
Total commercial loans	**116,359**	**6,675**	**-4,612**	**69.1%**	**5.7%**	100,790	6,636	-4,632	69.8%	6.6%
Government and official institutions	1,132				0.0%	1,432				0.0%
Total Loans and receivables – customers	**293,632**	**8,649**	**-5,150**	**59.5%**	**2.9%**	277,528	8,542	-5,159	60.4%	3.1%
Total accrued income and prepaid expenses	**4,339**					4,369				
Other assets	**3,946**	**20**	**-4**	**20.0%**	**0.5%**	2,772	1	-1	100.0%	0.0%
Total on-balance sheet	**353,215**	**8,693**	**-5,178**	**59.6%**	**2.5%**	346,014	8,567	-5,184	60.5%	2.5%
Total off-balance sheet	**97,198**	**16**		**0.0%**	**0.0%**	98,466	18	-7	38.9%	0.0%
Total impaired credit risk exposure	**450,413**	**8,709**	**-5,178**	**59.5%**	**1.9%**	**444,480**	**8,585**	**-5,191**	**60.5%**	**1.9%**

[1] Includes the impairment of the Madoff exposure and the impairment on the Greek corporate government-guaranteed exposure.

[2] Other commercial loans consist of: reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

The impaired portfolio increased slightly. The impaired ratio in commercial loans decreased due to an increase in the commercial loan portfolio (mainly securities financing).

IBNI impairment allowances on on- and off-balance sheet loans rose from EUR 372 million in 2011 to EUR 428 million in the first half of 2012 due to higher IBNI impairment allowances on commercial real estate.

Market risk

ABN AMRO is exposed to market risk in its trading book, banking book and through its pension fund liability.

Market risk (trading book)

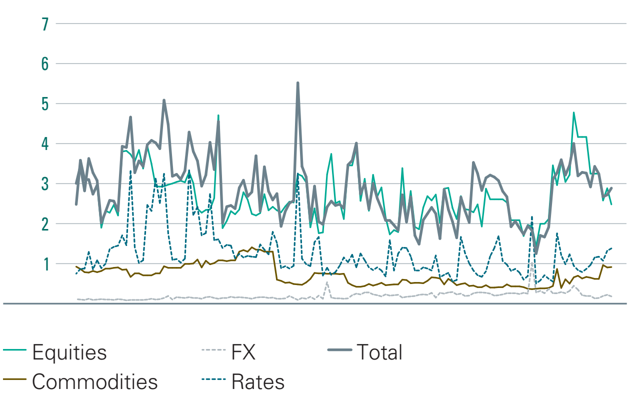
Market risk in the trading book is the risk of loss resulting from unfavourable market price movements which can arise from trading or holding positions in financial instruments in the trading book. ABN AMRO is mainly exposed to market risk through client-facilitating activities carried out by the Markets business. Within the overall risk mandate of the bank, dedicated risk committees approve mandates and set limits for each trading desk and for the combined trading activities and monitor these limits.

Value-at-Risk

ABN AMRO's Value at Risk (VaR) is mainly driven by interest rate risk and equity risk. In the first half of 2012, markets continued to be volatile. Market risk exposures were kept at a reduced level in order to avoid sizeable losses due to unexpectedly large market movements.

VaR per risk factor first half 2012

(in millions)



Please note that the total VaR is not the sum of the VaR values for equities, commodities, foreign exchange and rates, due to diversification effects.

VaR summary

(in millions)	2012	2011
VaR at last trading day of period	2.8	3.0
Highest VaR	5.6	7.2
Lowest VaR	1.3	1.2
Average VaR	2.9	3.4

Market risk (banking book)

Market risk in the banking book, mainly interest rate risk, is the risk of yield curve development that is unfavourable for the bank. Other market risks are limited in the banking book either through hedging (foreign rate exchange risk) or in general (other market risk types).

Interest rate risk metrics

	30 June 2012	31 December 2011
NII-at-risk (in %)	1.3	3.8
Duration of equity (in years)	0.1	3.0
Absolute sensitivity (in EUR m)	22.9	26.9
VaR banking book (in EUR m)	396	756

During the first half of 2012 the interest rates decreased. On the long end the shape of the yield curve changed from inverse to almost flat. In line with the decrease of the yield curve and the increased uncertainty regarding client prepayment behaviour, the overall interest rate risk position was decreased in line with the moderate risk profile. This overall decrease is reflected in the development of the NII-at-Risk, duration of equity, absolute sensitivity and the VaR. Absolute sensivity remained at a significant level, due to positions taken before 2012 to benefit from the inversion at the long-end of the yield curve. See the Annual Report 2011 for further information.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes cybercrime. Cybercrime is the generic name for criminal acts committed using modern telecommunication networks, such as the internet or mobile devices.

In 2012, operational losses due to cybercrime increased particularly in Retail Banking. Management has taken action to improve security precautions.

Liquidity risk

Information on liquidity risk is provided in the Liquidity & Funding section of this report.

capital management 4

Capital adequacy

At 30 June 2012, the core Tier 1 and Tier 1 ratios were 11.9% and 12.7% respectively and the total capital ratio was 16.2%.

The following tables show subsequently the development of Basel II regulatory capital and risk-weighted assets (RWA).

Basel II regulatory capital

(in millions)	30 June 2012	31 December 2011
Total equity (IFRS)	**13,542**	**11,420**
Goodwill and other intangible assets	-126	-124
Internal Ratings Based provisions shortfall	-96	-77
Securitisation not included in risk-weighted assets	-19	-76
Participations in financial institutions	-304	-299
Valuation differences in available-for-sale equities	-81	-49
Valuation differences in available-for-sale loans and assets	244	289
Cash flow hedge reserve	1,957	1,691
Other regulatory adjustments	-375	-170
Core Tier 1 capital	**14,742**	**12,605**
Non-innovative hybrid capital instruments		1,750
Innovative hybrid capital instruments	993	994
Tier 1 capital	**15,735**	**15,349**
Subordinated liabilities Upper Tier 2	184	178
Subordinated liabilities Lower Tier 2	4,585	4,709
Participations in financial institutions	-304	-299
Valuation differences in available-for-sale equities	81	49
Internal Ratings Based provisions shortfall	-96	-77
Securitisation not included in risk-weighted assets	-19	-52
Total capital	**20,166**	**19,857**

Risk-weighted assets

(in millions)	30 June 2012	31 December 2011
Credit risk RWA	**101,605**	**101,609**
Advanced	69,260	70,779
Standardised	32,345	30,830
Operational risk RWA	**15,461**	**13,010**
Advanced		
Standardised	15,461	13,010
Market risk RWA	**7,314**	**3,667**
Advanced	2,985	1,413
Standardised	4,329	2,254
Risk-weighted assets[1]	**124,380**	**118,286**

[1] The transitional arrangements for solvency requirements under Basel II require that ABN AMRO adheres to a Basel I floor for Own Funds. The Basel I Own Funds floor is calculated by multiplying the Basel I RWA of EUR 176 billion by 8% times 80%, resulting in a minimum required amount of Own Funds of EUR 11.3 billion per 30 June 2012. ABN AMRO met this requirement as at 30 June 2012.

The capital ratios at 30 June 2012 and 31 December 2011 are shown in the table below.

Capital ratios

	30 June 2012	31 December 2011
Core Tier 1 ratio	11.9%	10.7%
Tier 1 ratio	12.7%	13.0%
Total capital ratio	16.2%	16.8%

Main changes in capital position

Regulatory capital

Ageas settlement

At the end of June 2012, ABN AMRO Group, ABN AMRO Bank and Ageas agreed to settle the legal proceedings regarding, amongst other things ABN AMRO Capital Finance Ltd (formerly Fortis Capital Company Ltd) and the MCS. More information on the settlement can be found in note 14 to the Condensed Consolidated Interim Financial Statements.

Previously, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet, of which EUR 1.75 billion qualified as Tier 1 capital. After the settlement, core Tier 1 capital increased by EUR 1.6 billion, being the sum of the EUR 2.0 billion liability and the settlement amount paid by ABN AMRO to Ageas of EUR 400 million. As a result, Tier 1 and total capital decreased by EUR 150 million.

Retained earnings

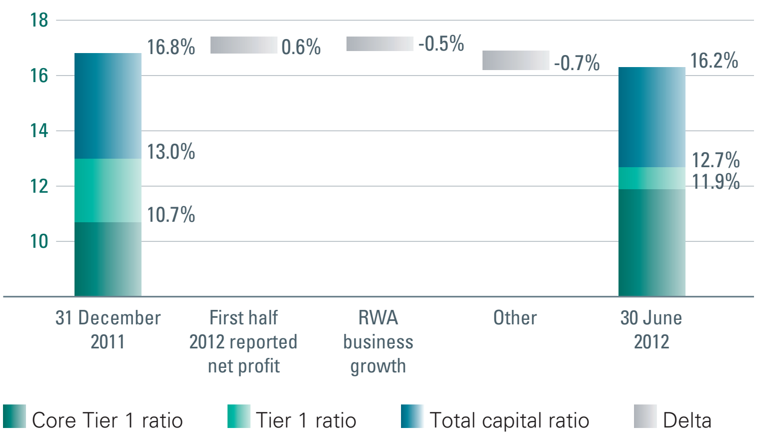
Net reported profit attributable to the owners of ABN AMRO in the first half of 2012 amounted to EUR 745 million, of which 60%, i.e. EUR 447 million, is included in core Tier 1 capital, in accordance with regulations and the dividend policy.

Risk-weighted assets

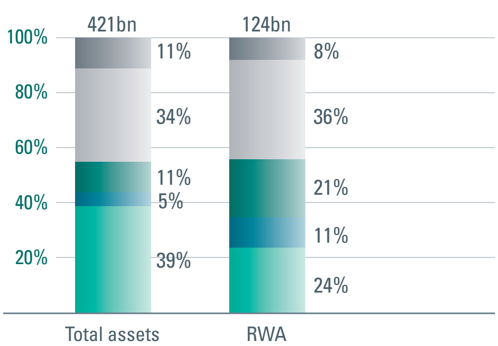
Increases in credit risk RWA, caused by business growth (EUR 3.5 billion) and the application of the standardised approach for part of the large corporates portfolio (EUR 3.8 billion), were mainly offset by the release of an RWA add-on following the completion of the IT migration at the end of 2011 (EUR 4.8 billion). Operational risk RWA and market risk RWA increased primarily awaiting the transition from the standardised to the advanced approach.

Developments impacting capital ratios in first half 2012

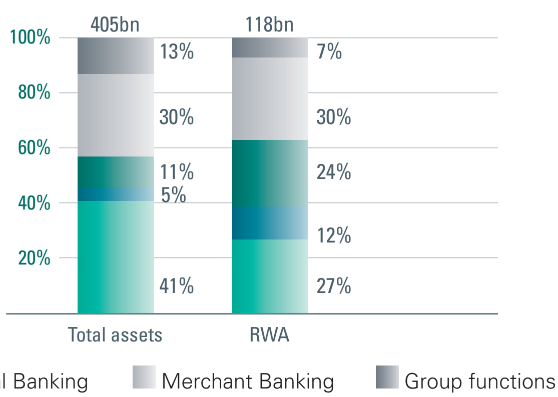
(in %)



Total assets versus RWA per 30 June 2012



Total assets versus RWA per 31 December 2011



Total RWA are relatively low compared with ABN AMRO's total assets due to the relatively large mortgage portfolio and securities financing business, which both have low risk weights. Compared to year-end 2011, RWA resulting from Merchant Banking activities increased by 25% in the first half of 2012.

Update on share capital, dividend and capital instruments

Share capital

The authorised and issued share capital (ordinary and preference shares) and share premium reserve were impacted only by the conversion of the EUR 2 billion liability resulting from the MCS into equity. In connection with the Ageas settlement, ABN AMRO Group N.V. issued one class A ordinary share (nominal value of EUR 1.00) to NLFI. The Annual Report 2011 provides a detailed description of all other shares. An explanation on the movements in the first half of 2012 is provided in the condensed consolidated statement of changes in equity.

Dividend

Management considered it to be prudent, given the current economic climate and the pending introduction of Basel III, not to distribute an interim dividend in 2012.

Tier 2 capital instruments

At 30 June 2012, ABN AMRO had the following Tier 2 capital instruments outstanding:

(in millions, nominal)	ISIN	Maturity date	First possible call date[1]	30 June 2012	31 December 2011
Upper Tier 2					
GBP 150 million (originally GBP 750 million) 5.00 % per annum	XS0244754254	Perpetual	Feb 2016	184	178
Lower Tier 2					
EUR 377 million (originally EUR 499 million)	XS0221514879	22 Jun 2015	Mar 2013	377	377
EUR 440 million (originally EUR 1,000 million)	XS0267063435	14 Sep 2016	Mar 2013	440	440
USD 457 million (originally USD 1,000 million)	XS0282833184	17 Jan 2017	Apr 2013	361	352
EUR 1,650 million (originally EUR 2,000 million)[2]		16 Oct 2017	Oct 2012	1,650	1,650
EUR 238 million (originally EUR 500 million)	XS0256778464	31 May 2018	May 2013	238	238
EUR 1,228 million 6.375% per annum	XS0619548216	27 Apr 2021		1,228	1,228
USD 595 million 6.250% per annum	XS0619547838	27 Apr 2022		469	458
USD 113 million 7.75% per annum	00080QAD7/ N0028HAP0	15 May 2023		89	87
EUR various smaller instruments		2015-2017		109	109
USD various smaller instruments		2015		65	63
Total Tier 2 capital instruments[3]				**5,210**	**5,180**
Of which eligible for regulatory capital				*4,769*	*4,887*

[1] By its decision dated 5 April 2011, the European Commission imposed on ABN AMRO as a condition a restriction with respect to the calling of certain capital instruments and/or the payment of discretionary coupons in relation to those capital instruments. The ban is for a limited period up to and including 10 March 2013. The call dates represent the first possible call date per instrument, taking into account the EC call restriction.

[2] The EUR 1,650 million instrument is owned by the Dutch State and was acquired from Fortis Bank SA/NV in Belgium in October 2008; please refer to note 18 to the Condensed Consolidated Interim Financial Statements.

[3] For post reporting date changes to Tier 2 capital instruments, please refer to note 19 to the Condensed Consolidated Interim Financial Statements.

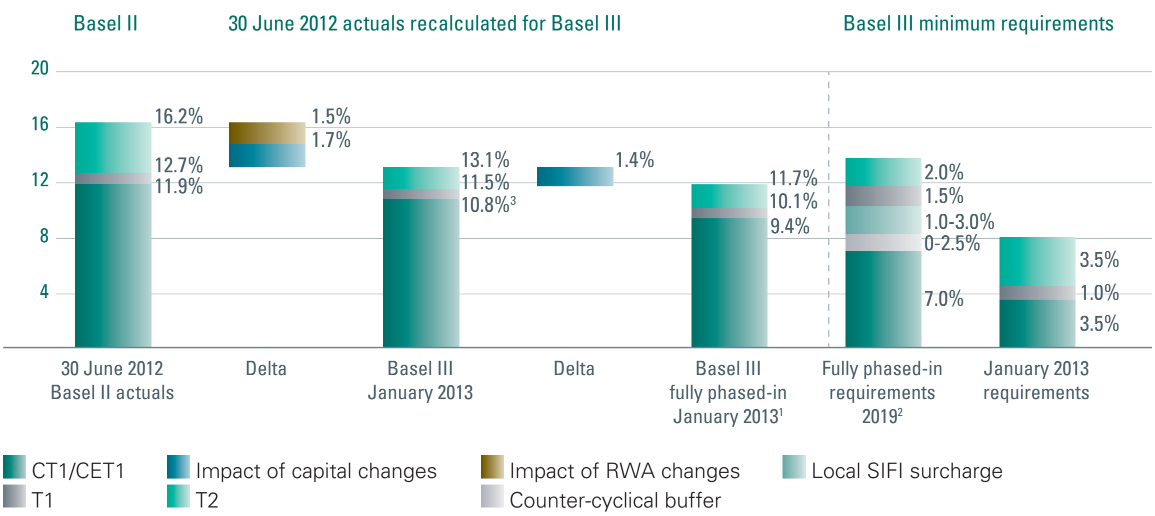
Basel III/CRD IV

The implementation of Basel III in a European regulatory framework (CRD IV) is expected to translate the current Basel II capital ratios into lower Basel III capital ratios as from 2013. Under the new rules, capital requirements are expected to increase and additional capital deductions and prudential filters are to be introduced. The CRD IV draft stipulates that the new rules will be implemented through a phased-in approach. ABN AMRO is already managing its regulatory capital adequacy position in anticipation of Basel III requirements.

The following graph compares the 30 June 2012 actual capital ratios under Basel II with capital ratios adjusted for the transitional arrangements expected to be applicable in January 2013 and a fully phased-in scenario with January 2013 transitional arrangements for capital instruments only. Transitional arrangements for capital instruments consist of a portfolio cap in 2013 of 90% of the nominal value of capital instruments eligible for grandfathering on 31 December 2012, which further amortises by 10% each subsequent year.
Because regulations are not final yet, the following Basel III calculations are based on current information, assumptions, and regulatory guidance.

Basel III estimated capital ratios based on 30 June 2012 actuals

(in %)



[1] January 2013 CRD IV rules including transitional arrangements for capital instruments combined with the application of fully phased-in rules for capital deductions, prudential filters and RWA-adjustments.

[2] The fully phased-in Common Equity Tier 1 capital requirement includes a capital conservation buffer of 2.5% (as per CRD IV). Several uncertainties still exist regarding the treatment of the counter-cyclical buffer and the requirements for systemically important financial institutions in the Netherlands (local SIFIs). The counter-cyclical buffer is shown as a range from 0% to 2.5% (as per CRD IV). ABN AMRO is currently classified as a local SIFI, for which the surcharge will be in the range from 1% to 3% (up to the discretion of the local regulator).

[3] ABN AMRO targets a CET1 ratio of at least 10% as from 2013.

Under the Basel III phase-in rules (as per January 2013) as set out in the CRD IV draft of 21 May 2012 and the current interpretation thereof, the 30 June 2012 regulatory capital ratios would be impacted as follows:

- RWA are expected to increase resulting in a 1.5pp decline in the total capital ratio. The increase in RWA is caused by, among other things, an increase in the capital requirement for potential mark-to-market counterparty credit risk losses (credit valuation adjustment (CVA) capital charge), the capital requirement for exposure to central counterparties and the capital requirement for the deferred tax assets related to temporary differences;
- Total capital is expected to decrease, resulting in a 1.7pp decline in the total capital ratio. This decrease is caused by an expected loss of eligibility of EUR 0.1 billion of Tier 1 instruments and preference shares, and EUR 2.5 billion of Tier 2 instruments. This decrease is partly offset by a capital increase due to a different treatment of capital deductions.

Under the Basel III fully phased-in rules for capital deductions, prudential filters and RWA, combined with the transitional arrangements for capital instruments per January 2013:

- RWA are virtually the same as under the phase-in rules;
- Total capital is expected to decrease by an additional EUR 1.9 billion, resulting in a 1.4pp additional decline in the total capital ratio. This decrease is due to the deduction of deferred tax assets, defined benefit pension fund assets, and a different treatment of capital deductions and prudential filters. For impact information on the amended IAS 19 Employee Benefits, see note 1 to the Condensed Consolidated Interim Financial Statements.

Without transitional arrangements the Basel III fully-loaded Common Equity Tier 1 ratio amounts to 9.3%.

Impact of Basel III on regulatory capital ratios

30 June 2012	Basel II	Basel III January 2013	Basel III fully phased-in January 2013[1]
Core Tier 1/Common Equity Tier 1 ratio	11.9%	10.8%	9.4%
Tier 1 ratio	12.7%	11.5%	10.1%
Total capital ratio	16.2%	13.1%	11.7%

[1] January 2013 CRD IV rules including transitional arrangements for capital instruments combined with the application of fully phased-in rules for capital deductions, prudential filters and RWA-adjustments.

Furthermore, Basel III proposes a minimum leverage ratio of 3% by 2018. Based on new regulatory guidance on the draft rules, ABN AMRO's leverage ratio was 3.1% at 30 June 2012 (compared with 3.1% on 31 December 2011), using current Basel II Tier 1 capital as a basis. This guidance is more conservative, mainly in the treatment of netting of securities financing transactions, than the method used in the Annual Report 2011, when a leverage ratio of 3.3% at 31 December 2011 was reported.

liquidity & funding 5

Liquidity

ABN AMRO takes a two-step approach to liquidity risk management, which is outlined in the Annual Report 2011: a going concern and a contingency liquidity risk approach.

Going concern liquidity management

Going concern liquidity management entails management of the day-to-day liquidity position within specified parameters to ensure all liabilities can be met on a timely basis. Indicators used by ABN AMRO in going concern liquidity management are stress testing, regulatory liquidity, survival period and the loan-to-deposit (LtD) ratio.

Regulatory liquidity requirement

At the end of June 2012, a recalculation of the regulatory liquidity reporting was carried out. This recalculation excluded certain assets and assumed strict stress scenarios. The recalculation has resulted in a regulatory liquidity reporting of EUR 7 billion as per 31 December 2011 instead of the EUR 25 billion reported previously. During the first half of 2012 ABN AMRO remained above the minimum regulatory liquidity requirement of zero.

Survival period

The methodology to calculate the survival period has been improved, resulting in a better representation of the sensitivities in the balance sheet of ABN AMRO. The survival period at 31 December 2011 based on this new methodology is >11 months, instead of >12 months, which was reported previously. The survival period at 30 June 2012 is >9 months and comfortably meets the internally set minimum target. Primary reason for the reduced survival period in the first half of 2012 is the reduction of the cash component in the liquidity buffer.

SF/NLA

The internally developed Stable Funding over Non-Liquid Assets ratio (SF/NLA) has been replaced by the Basel III Net Stable Funding Ratio (NSFR) and will therefore no longer be reported.

Loan-to-deposit ratio

The loan-to-deposit ratio measures the relative size of the customer loan book compared with customer deposits. The LtD ratio improved to 128.7%, down from 130.3% at 31 December 2011, due to increased savings over the first half of 2012 relative to the loan increases.The following table shows the LtD ratio as per 30 June 2012 compared to the situation at 31 December 2011.

Loan-to-deposit ratio

(in millions)	30 June 2012	31 December 2011
Loans and receivables – customers	**288,069**	**272,008**
-/- Reverse repurchase agreements	11,310	8,857
-/- Securities borrowing	14,377	7,592
-/- Fair value adjustments from hedge accounting	5,637	4,825
+ Gross up saving part of savings mortgages	5,229	4,950
Total loans	**261,974**	**255,684**
Due to customers	**229,357**	**213,616**
-/- Repurchase agreements	27,557	20,885
-/- Securities lending transactions	5,877	4,509
-/- Deposits from Dutch State Treasury Agency (DSTA)	2,100	2,100
+ Gross up saving part of savings mortgages	5,229	4,950
+ Debt certificates issued through Groenbank NV	394	436
+ Fiduciary deposits	4,084	4,700
Total deposits	**203,530**	**196,208**
Loan-to-deposit ratio	**128.7%**	**130.3%**

Contingency liquidity risk management

Contingency liquidity risk management aims to ensure that ABN AMRO can generate sufficient liquidity to withstand a short- or long-term liquidity crisis. Tools used by ABN AMRO in contingency liquidity risk management are the Contingency Funding Plan (CFP, outlined in the Annual Report 2011) and the liquidity buffer.

Liquidity buffer

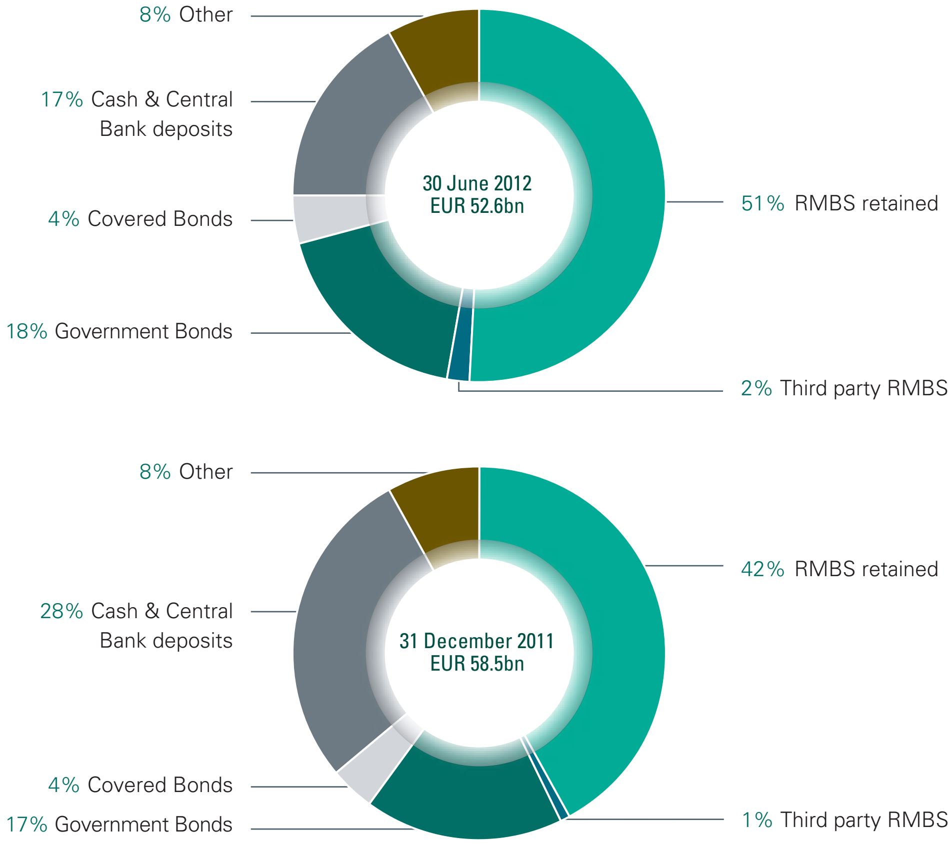
A liquidity buffer with sufficient collateral is retained as a safety cushion in the event of severe liquidity stress. The liquidity buffer portfolio mainly consists of retained RMBS (ABN AMRO own originated RMBS), government bonds and cash, all unencumbered.

The buffer amounted to EUR 52.6 billion at 30 June 2012, compared to EUR 58.5 billion at 31 December 2011. Changes in the size of the liquidity buffer are mainly caused by a reduction of the cash component, which was intentionally enlarged by year-end 2011 to guard against any unforeseen events in volatile markets. The absolute amounts of the other components of the liquidity buffer remained virtually unchanged.

Further information on the composition of the government bond portfolio is provided in note 7 to the Condensed Consolidated Interim Financial Statements.

The following graph shows the composition of the liquidity buffer at 30 June 2012 and 31 December 2011.

Composition of the liquidity buffer



Basel III/CRD IV

The Basel III/CRD IV framework introduces two new liquidity ratios, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The minimum requirements for both the LCR and the NSFR are expected to be 100% under Basel III. In line with regulatory liquidity reporting (see regulatory liquidity requirement in this chapter), a recalculation of the LCR was performed, which resulted in a LCR of 57%[1] at 31 December 2011, instead of 69% which was reported previously.

ABN AMRO targets compliance to both the LCR and NSFR by the end of 2013, ahead of the expected regulatory implementation dates of 2015 (LCR) and 2018 (NSFR).

[1] Calculated based on current information, assumptions and regulatory guidance.

Funding

ABN AMRO raises a significant part of its funding through its R&PB and C&MB networks. Continued stress in the wholesale market and the increasingly important role of client funding for banks due to the implementation of Basel III caused more competition in the R&PB savings market, although competition eased somewhat in the second quarter of 2012. R&PB customer deposits increased both in the Netherlands and abroad. C&MB due to customers increased primarily driven by higher client volumes in the securities financing activities.

In the first half of 2012, the wholesale funding markets remained volatile as a consequence of the sovereign debt crisis. International credit investors increasingly differentiated investments based on geography. Within the eurozone, the Netherlands is considered a safe haven.

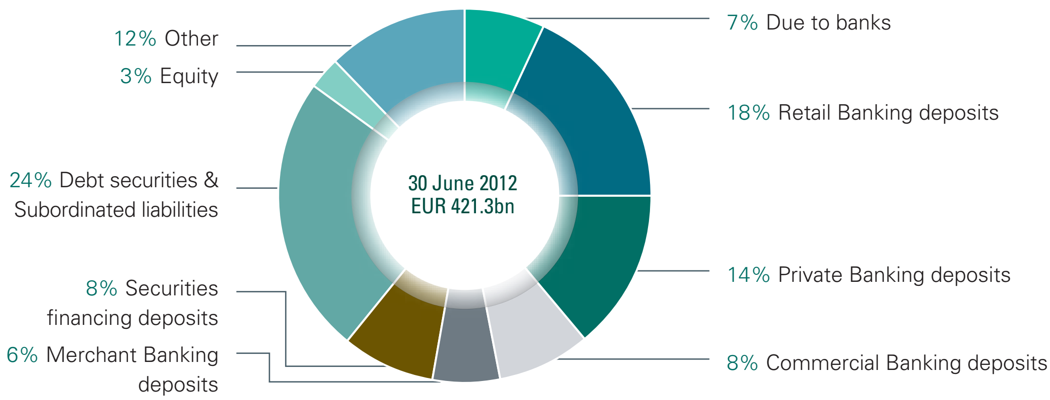
Despite the turbulent financial markets and the two notch downgrade by Moody's as a result of their revised methodology, ABN AMRO had continuous access to wholesale funding in the first half of 2012. The bank was able to roll-over short-term funding positions and demonstrated its market access with issuances in the major international capital markets. ABN AMRO did not participate in any of the Longer Term Refinancing Operations (LTRO) of the ECB.

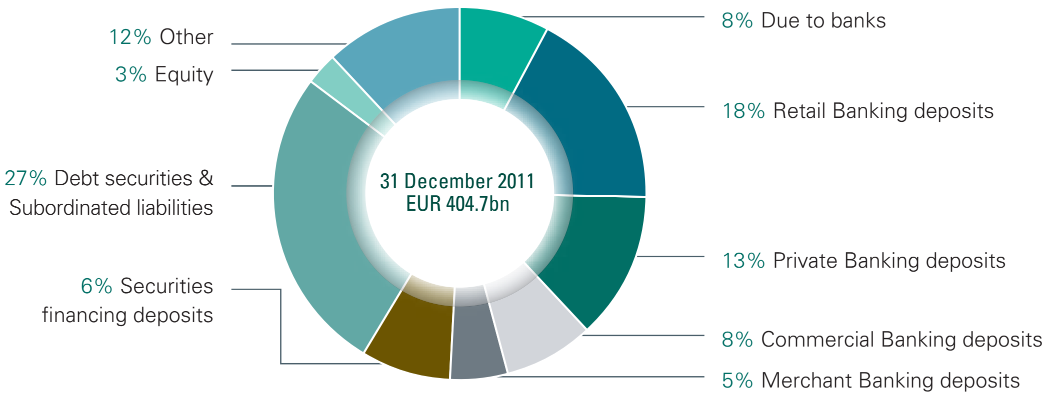
Liability breakdown

ABN AMRO benefits from a solid core retail funding base and well diversified wholesale funding sources. The R&PB and C&MB deposits are the main sources of funding for the bank. These deposits combined comprise 46% of total liabilities and equity as of 30 June 2012 (total liabilities and equity: 421.3 billion).

The graph below displays a total overview of the liability and equity composition of ABN AMRO's balance sheet at 30 June 2012. Total Due to customers developed to EUR 229.4 billion at 30 June 2012 compared to EUR 213.6 billion at 31 December 2011.

Liability and equity breakdown





Funding strategy

The wholesale funding strategy aims to strengthen the bank's funding profile by extending maturities and diversifying in terms of both investors and currencies. ABN AMRO's wholesale funding principles are provided in the Annual Report 2011. In addition to these principles, pre-funding continues to be a focus point in the funding strategy of ABN AMRO, especially in anticipation of expected continued volatility in the financial markets.

A description of the available funding programmes for funding issuance is included in note 13 to the Condensed Consolidated Interim Financial Statements.

Funding issuance

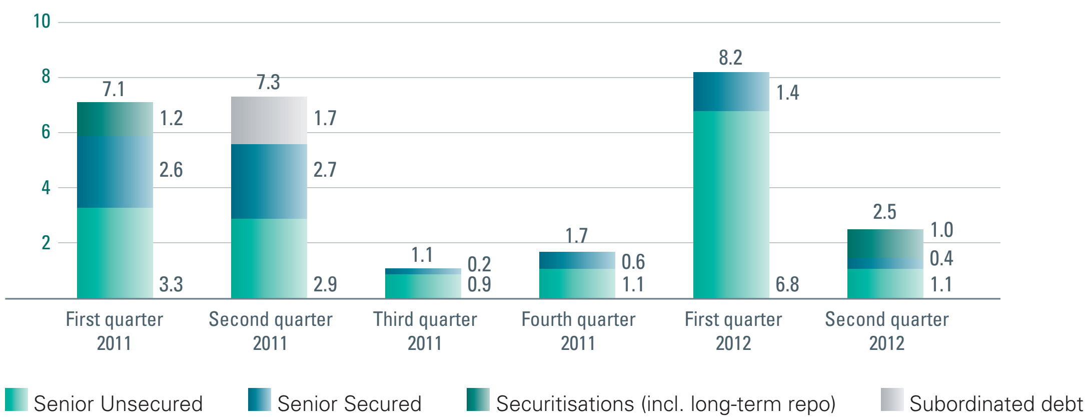
ABN AMRO was able to refinance all long-term funding maturing in 2012 during the first half of the year, albeit at higher credit spreads. The remaining funding planned for 2012 relates primarily to pre-funding for 2013 and business growth.

In total, ABN AMRO raised EUR 10.7 billion of long-term funding in the first half of 2012, with an average original maturity of 6.2 years. Of the funding raised in the first half of 2012, 58% was attracted through benchmark transactions and tap issuances on existing benchmarks. Private placements were an additional source of funding.

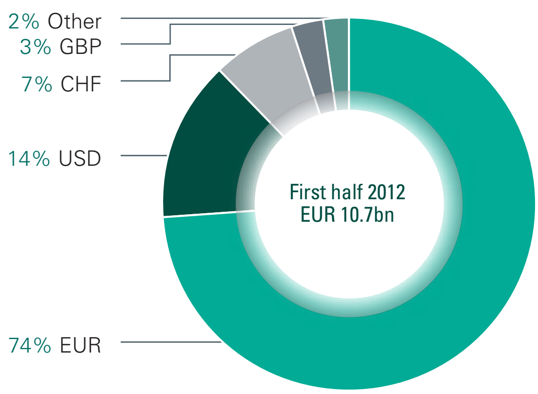
In January, markets were successfully entered with several benchmark transactions. ABN AMRO was one of only four global banks accessing the unsecured EUR, USD, GBP and CHF markets with benchmark transactions. The bank demonstrated its structural access to the USD funding market with a USD 1.5 billion 5-year senior unsecured benchmark transaction.

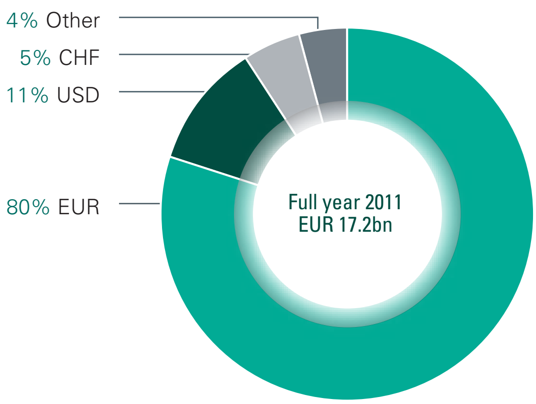
The total outstanding long-term funding amount, expressed as percentage of total assets, decreased to 19%, including subordinated debt, at 30 June 2012 compared to 20% at 31 December 2011.

Long-term funding raised
(in billions)



Currency diversification long-term funding raised

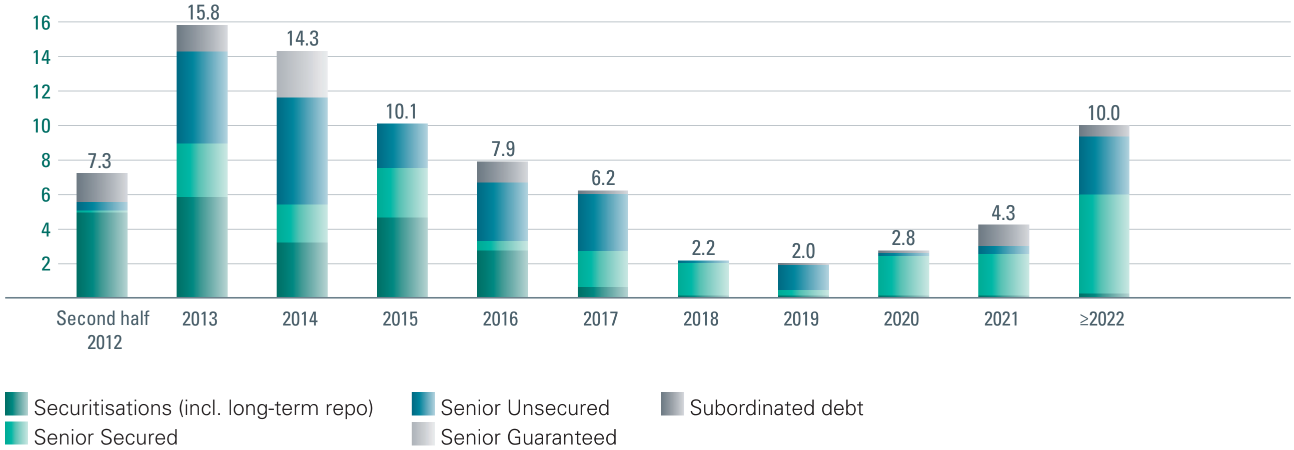




The average remaining maturity of ABN AMRO's wholesale funding increased to 4.1 years at 30 June 2012, compared to 3.6 years at 31 December 2011, in line with ABN AMRO's funding strategy. This increase was caused by multiple longer-term issuances and an increase in the maturities of the short-term funding.

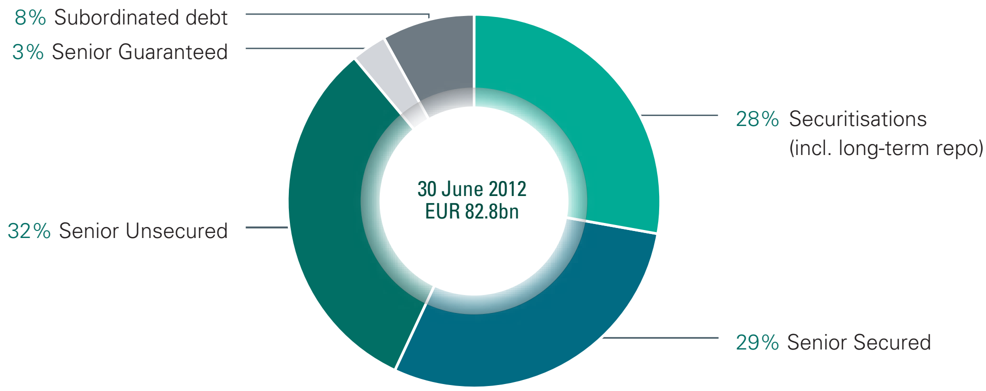
Maturity calendar at 30 June 2012[1]

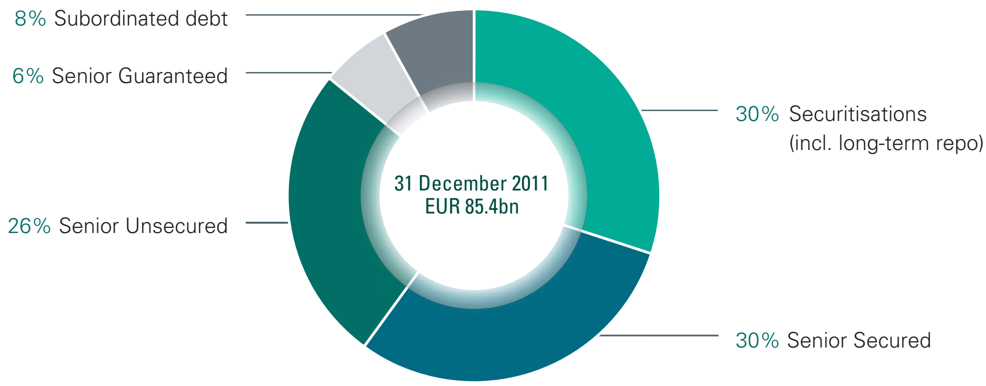
(in billions, nominal)



[1] This maturity graph assumes the redemption on the earliest possible call date or otherwise the legal maturity date, taking into account the EC call restriction with respect to the calling of certain capital instruments and/or the payment of discretionary coupons in relation to those capital instruments. The methodology for presenting the outstanding amounts in the maturity profile of long-term funding has changed compared to last year. Previously, the outstanding amounts of long-term funding were taken into account as reported in the balance sheet (including fair value adjustment for hedge accounting). As from the first half of 2012, the nominal outstanding amount has been taken into account as this is a better reflection of the amount to be repaid at maturity.

Total outstanding long-term funding





The graph below shows the development of the wholesale funding types relative to total assets. In April 2012, EUR 2.3 billion of the April 2012 Government Guaranteed Bonds (GGB) series matured. A remaining total of EUR 2.7 billion outstanding Government Guaranteed Benchmark will mature in May 2014.

Funding vs total assets

(in %)

In the first half of 2012, the volume of short-term funding CP/CD was reduced from temporarily high levels at 31 December 2011 (EUR 21.9 billion) to EUR 20.4 billion at 30 June 2012. An overall improvement of the maturity distribution in CP/CD was realised, as the focus shifted towards attracting CP/CD with longer-term maturities. This was most noticeable in the French CD and London CD programmes.

Short-term funding programmes

Programme	Size of programme	Nominal balance		Average original maturity	
(in billions)		30 June 2012	31 December 2011	30 June 2012	31 December 2011
Euro Commercial Paper	EUR 25	6.5	7.9	135 days	114 days
French Certificats de Depot	EUR 25	4.2	4.6	183 days	126 days
US Commercial Paper	USD 5	4.9	4.4	74 days	62 days
London Certificates of Deposit	EUR 10	5.8	6	109 days	54 days

Secured funding medium to long-term funding tools

The Covered Bond (CB) Programme and Residential Mortgage Backed Securitisations (RMBS) allow ABN AMRO to attract secured long-term funding and contribute to the diversification of funding sources. In addition, retained RMBS form part of ABN AMRO's liquidity buffer.

Covered Bond Programme

On 30 June 2012, the total amount of funding outstanding under the covered bond programme was EUR 22.3 billion, with an average original maturity of 10.3 years. At 31 December 2011, the total amount outstanding was EUR 22.0 billion, with an average original maturity of 9.9 years.

Covered bonds are secured by a pool of first-ranking Dutch residential mortgage loans originated by ABN AMRO or any of its subsidiaries in the Netherlands, where the underlying real estate is owner-occupied.

Residential Mortgage Backed Securitisations

On 30 June 2012, the total amount of outstanding RMBS was EUR 70.7 billion (nominal value) of which EUR 47.6 billion was retained and EUR 23.1 billion was placed externally. About 40% of the externally placed RMBS paper was backed by NHG residential mortgages.

At year-end 2011, EUR 70.8 billion was outstanding, of which EUR 45.6 was retained and EUR 25.2 billion placed externally.

The following table shows the total balance of externally placed and retained notes, and includes the balance of encumbered assets for attracting secured funding and encumbered assets for maintaining a liquidity buffer (retained RMBS, not sold to a third party). In the liquidity buffer, these notes are included at their liquidity value, i.e. after application of the ECB haircut.

Encumbered assets in funding transactions

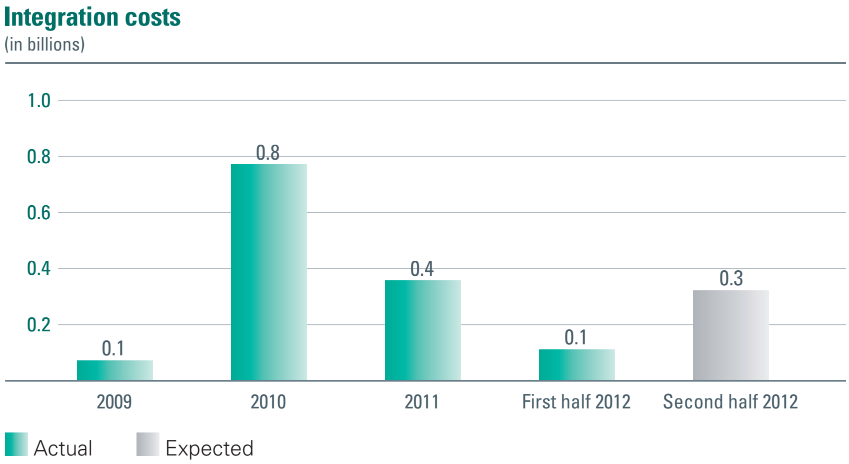
(in billions, nominal)	30 June 2012		31 December 2011	
Type of instrument	Nominal value	Encumbered assets	Nominal value	Encumbered assets
Senior Secured Bonds (excl. Asset Backed Securities)				
Covered Bonds (at nominal value)	22.3	30.5	22.0	31.7
Other Senior Secured Bonds (at nominal value)	1.3	3.0	1.9	3.1
Asset Backed Securities (excl. synthetic transactions)				
Residential Mortgage Backed Securities (incl. long-term repo)	23.1	22.8	25.2	24.8
Other Asset Backed Securities	0.2	0.2	0.2	0.2
Total	**46.9**	**56.5**	**49.3**	**59.8**

Encumbered assets in retained Asset Backed Securities

(in billions, nominal)	30 June 2012			31 December 2011		
Type of instrument	ECB Eligible – nominal value	Non Eligible – nominal value	Encumbered assets	ECB Eligible – nominal value	Non Eligible – nominal value	Encumbered Assets
Asset Backed Securities (excl. synthetic transactions)						
Residential Mortgage Backed Securities	42.7	4.9	46.8	41.2	4.4	45.0
Other Asset Backed Securities	1.4	0.0	1.6	1.6		1.5
Total	**44.1**	**4.9**	**48.4**	**42.8**	**4.4**	**46.5**

integration 6

Update integration



Total identified integration costs amounted to EUR 111 million in the first half of 2012. These costs consisted of EUR 128 million in project costs and a partial release of EUR 17 million related to the integration restructuring provision, which was booked in 2010. Integration project costs in 2012 were mainly attributable to programmes concerning IT infrastructure migration and Markets integrations.

Total integration costs in the period from 2009 to 30 June 2012 amounted to EUR 1.3 billion and are expected to remain within the overall budget of EUR 1.6 billion.

Overall, the integration is on track. ABN AMRO considers the remaining integration risks to be moderate and expects them to decline further over time. The bank has maintained focus on minimising client impact throughout the integration. Client satisfaction has stayed up to the mark and improved in the case of Retail Banking.

Major integration milestones in the first half of 2012 were the full Markets Foreign Exchange & Rates business integration in March, technical integration of equity derivatives systems in May and the migration of the first group of EC Remedy clients to Deutsche Bank in June 2012.

Remaining integration projects in 2012

Most integration projects have now been successfully completed. The remaining client-related integration activities, which are much smaller in size, are on track and are expected to be finalised in the second half of 2012.

In the second half of 2012 the two pension funds, ABN AMRO Bank Pension Fund and Fortis Bank Nederland Pension Fund, are expected to merge. Currently, the total costs are estimated at around EUR 175 million. See note 19 to the Condensed Consolidated Interim Financial Statements for more details. In addition, ABN AMRO expects to complete the migration of EC Remedy clients from ABN AMRO to Deutsche Bank in August 2012. The migration of ECT clients is scheduled for November 2012. Furthermore, integration activities for equity derivatives and securities financing are planned for the second half of 2012, and the separation of RBS N.V. is scheduled to be finalised at the end of 2012, but is still contingent upon the acquisition of a banking licence in India.

Synergies

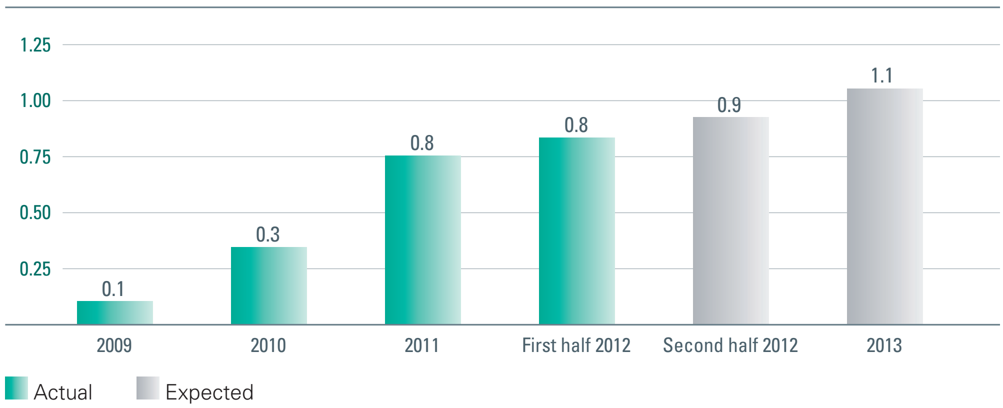
Additional integration-related synergies amounted to approximately EUR 80 million in the first half of 2012. Identified synergies realised during the course of 2012 have not been annualised; the full effect of these synergies is expected to be realised in 2013.

Synergies realised in the first half of 2012 were mainly related to office space savings, IT savings, workforce reductions and the full-year effect of synergies realised in 2011. Only synergies that were generated by integration projects have been identified; other cost reductions, such as cost containments, and lower-than-expected costs have not yet been identified as synergies.

Cumulative integration-related synergies in the period from 2009 to 30 June 2012 amounted to approximately EUR 835 million. The full synergy benefits of the merger of ABN AMRO and FBN is expected to be realised in 2013.

Synergies (cumulative)

(in billions)



Property

Four office buildings were sold in the first half of 2012. As at 30 June 2012, 33 office buildings with a book value of EUR 55 million are yet to be divested as well as 14 lease contracts to be terminated. ABN AMRO is currently negotiating the sale of two buildings and ten lease contracts.

responsibility statement 7

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

- The Condensed Consolidated Interim Financial Statements for the period ended 30 June 2012 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 Financial Report for the period ended 30 June 2012 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, 23 August 2012

The Managing Board

Gerrit Zalm, Chairman
Jan van Rutte, Vice-Chairman
Johan van Hall
Caroline Princen
Wietze Reehoorn
Chris Vogelzang
Joop Wijn

cautionary statement on forward-looking statements 8

The Group has included in this Interim Financial Report, and from time to time may make certain statements in its public filings, press releases or other public statements that may constitute "forward-looking statements" within the meaning of the safe-harbour provisions of the United States Private Securities Litigation Reform Act of 1995. This includes, without limitation, such statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "aim", "desire", "strive", "probability", "risk", "Value-at-Risk" ("VaR"), "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations on such expressions.

In particular, this document includes forward-looking statements relating, but not limited, to ABN AMRO's potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These forward-looking statements are not historical facts and represent only ABN AMRO's beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the bank's control.

Other factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this document include, but are not limited to:

- The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and ABN AMRO in particular;
- The effect on ABN AMRO's capital of write-downs in respect of credit exposures;
- Risks related to ABN AMRO's separation, merger and integration process;
- General economic conditions in the Netherlands and in other countries in which ABN AMRO has, directly or indirectly, significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO's performance, liquidity, and financial position;
- Macro-economic and geopolitical risks;
- Reductions in ABN AMRO's credit ratings;
- Actions taken by governments and their agencies to support individual banks and the banking system;
- Monetary and interest rate policies of the European Central Bank and G20 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Liquidity risks and related market risk losses;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;

- Changes in Dutch and foreign laws, regulations, policies and taxes;
- Changes in competition and pricing environments;
- Inability to hedge certain risks economically;
- Adequacy of loss reserves and impairment allowances;
- Technological changes;
- Changes in consumer spending, investment and saving habits;
- Effective capital and liquidity management; and
- The success of ABN AMRO in managing the risks involved in the foregoing.

The forward-looking statements made in this Interim Financial Report are only applicable as from the date of publication of this document. ABN AMRO does not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report, and ABN AMRO does not assume any responsibility to do so. The reader should, however, take into account any further disclosures of a forward-looking nature that ABN AMRO may make in ABN AMRO's reports.

condensed consolidated interim financial statements 2012

table of contents

Condensed consolidated income statement

(in millions)	Note	First half 2012	First half 2011
Income			
Interest income		6,870	6,903
Interest expense		4,355	4,337
Net interest income		**2,515**	**2,566**
Fee and commission income		1,308	1,315
Fee and commission expense		520	342
Net fee and commission income		**788**	**973**
Net trading income		207	119
Results from financial transactions		48	269
Share of result in equity accounted investments		33	46
Other income		222	137
Operating income	4	**3,813**	**4,110**
Expenses			
Personnel expenses		1,139	1,388
General and administrative expenses		1,089	1,172
Depreciation and amortisation of tangible and intangible assets		131	184
Operating expenses	5	**2,359**	**2,744**
Impairment charges on loans and other receivables	10	554	310
Total expenses		**2,913**	**3,054**
Operating profit/(loss) before taxation		**900**	**1,056**
Income tax expense		157	192
Profit/(loss) for the year		**743**	**864**
Attributable to:			
Owners of the company		745	856
Non-controlling interests		-2	8

The notes to the Condensed Consolidated Interim Financial Statements are an integral part of these statements.

Condensed consolidated statement of comprehensive income

(in millions)	Note	First half 2012	First half 2011
Profit/(loss) for the period		**743**	**864**
Other comprehensive income:			
Currency translation reserve		31	-71
Available-for-sale reserve		62	-164
Cash flow hedge reserve		-355	223
Share of other comprehensive income of associates		38	
Other changes		-3	
Other comprehensive income for the period before taxation		**-227**	**-12**
Income tax relating to components of other comprehensive income		-69	38
Other comprehensive income for the period after taxation		**-158**	**-50**
Total comprehensive income/(expense) for the period after taxation		**585**	**814**
Total comprehensive income attributable to:			
Owners of the company		587	806
Non-controlling interests		-2	8

The notes to the Condensed Consolidated Interim Financial Statements are an integral part of these statements.

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2012	31 December 2011
Assets			
Cash and balances at central banks		13,928	7,641
Financial assets held for trading	6	32,429	29,523
Financial investments	7	18,555	18,721
Loans and receivables – banks	8	51,269	61,319
Loans and receivables – customers	9	288,069	272,008
Equity accounted investments		940	920
Property and equipment		1,652	1,609
Goodwill and other intangible assets		252	276
Assets held for sale		55	68
Accrued income and prepaid expenses		4,339	4,369
Current tax assets		332	244
Deferred tax assets		1,107	1,139
Other assets		8,378	6,845
Total assets		**421,305**	**404,682**
Liabilities			
Financial liabilities held for trading	6	23,925	22,779
Due to banks	11	31,160	30,962
Due to customers	12	229,357	213,616
Issued debt	13	94,617	96,310
Subordinated liabilities	14	6,789	8,697
Provisions	15	1,506	1,646
Accrued expenses and deferred income		5,706	5,986
Current tax liabilities		246	241
Deferred tax liabilities		52	41
Other liabilities		14,405	12,984
Total liabilities		**407,763**	**393,262**
Equity			
Share capital		1,015	1,015
Share premium		13,105	11,505
Other reserves (incl. retained earnings/profit for the period)		1,497	818
Other components of equity		-2,093	-1,938
Equity attributable to owners of the parent company		**13,524**	**11,400**
Equity attributable to non-controlling interests		18	20
Total equity		**13,542**	**11,420**
Total liabilities and equity		**421,305**	**404,682**
Committed credit facilities	16	14,637	14,484
Guarantees and other commitments	16	18,341	18,056

The notes to the Condensed Consolidated Interim Financial Statements are an integral part of these statements.

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium reserve	Other reserves including retained earnings	Other comprehensive income	Net profit attributable to shareholders	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	**1,015**	**11,505**	**779**	**-783**	**-417**	**12,099**	**13**	**12,112**
Total comprehensive income				-50	856	806	8	814
Transfer			-417		417			
Dividend								
Other changes in equity			6			6		6
Balance at 30 June 2011	**1,015**	**11,505**	**368**	**-833**	**856**	**12,911**	**21**	**12,932**
Balance at 1 January 2012	**1,015**	**11,505**	**153**	**-1,938**	**665**	**11,400**	**20**	**11,420**
Total comprehensive income			-3	-155	745	587	-2	585
Transfer			665		-665			
Dividend			-63			-63		-63
Increase of capital	0[1]							
MCS Conversion		2,000				2,000		2,000
Ageas settlement		-400				-400		-400
Balance at 30 June 2012	**1,015**	**13,105**	**752**	**-2,093**	**745**	**13,524**	**18**	**13,542**

[1] In connection with the ageas settlement, ABN AMRO Group N.V. issued one class A ordinary share (nominal value of EUR 1.00) to NLFI.

Specification of other comprehensive income is as follows:

(in millions)	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 January 2011	**8**	**185**	**-976**		**-783**
Net gains/(losses) arising during the period	-71	-231	151		-151
Less: Net realised (gains)/losses included in income statement		67	72		139
Related income tax	1	16	-55		-38
Balance at 30 June 2011	**-62**	**37**	**-808**		**-833**
Balance at 1 January 2012	**6**	**-253**	**-1,691**		**-1,938**
Net gains/(losses) arising during the period	31	144	-416	38	-203
Less: Net realised (gains)/losses included in income statement		-82	61		-21
Related income tax	-1	-19	89		69
Balance at 30 June 2012	**36**	**-210**	**-1,957**	**38**	**-2,093**

The notes to the Condensed Consolidated Interim Financial Statements are an integral part of these statements.

2012

Due to the conversion of the EUR 2.0 billion Mandatory Convertible Securities, the share premium reserve increased by EUR 2.0 billion. In connection with the settlement, ABN AMRO Group N.V. issued one share (nominal value of EUR 1) to NLFI.

The settlement of all legal proceedings between ABN AMRO and the Dutch State on the one side and Ageas on the other side on 28 June 2012 led to a one-off cash payment by ABN AMRO to Ageas of EUR 400 million. As this transaction can be characterised as a shareholders transaction under IFRS, the amount of EUR 400 million was charged directly to equity (deduction from the share premium reserve), resulting in a net increase of the share premium reserve by EUR 1.6 billion.

Total equity grew by EUR 2.1 billion, mainly driven by a EUR 1.6 billion increase in equity following the ageas settlement and EUR 745 million profit in the first half of 2012.

In 2012 a final dividend of EUR 50 million for the year 2011 was paid to ordinary shareholders and EUR 13 million to the holders of the preference shares A.

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

2011

The increase of total equity in the first half of 2011 mainly reflects the profit for the period.

Condensed consolidated statement of cash flows

(in millions)	First half 2012	First half 2011
Profit/(loss) for the year	**743**	**864**
Adjustments on non-cash items included in profit:		
(Un)realised gains/(losses)	616	-123
Share of profits in associates and joint ventures	-33	-46
Depreciation, amortisation and accretion	221	417
Provisions and impairment losses	604	532
Income tax expense	157	192
Changes in operating assets and liabilities:		
Assets held for trading	-2,828	-4,645
Liabilities held for trading	1,103	2,425
Loans and receivables – banks	10,605	-8,394
Loans and receivables – customers	-15,934	-8,877
Other assets	-1,287	-437
Due to banks	69	6,238
Due to customers	14,969	11,080
Liabilities arising from insurance and investment contracts	-150	-96
Net changes in all other operational assets and liabilities	1,509	-2,418
Dividend received from associates	47	6
Income tax paid	-128	-84
Cash flow from operating activities	**10,283**	**-3,366**
Investing activities:		
Purchases of financial investments	-662	-4,671
Proceeds from sales and redemptions of financial investments	1,031	5,474
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	-24	-44
Divestments of subsidiaries (net of cash sold), associates and joint ventures	33	-1,721
Purchases of property and equipment	-180	-114
Proceeds from sales of property and equipment	28	56
Purchases of intangible assets	-14	-27
Cash flow from investing activities	**212**	**-1,047**

continued >

(in millions)	First half 2012	First half 2011
Financing activities:		
Proceeds from the issuance of debt	45,485	34,983
Repayment of issued debt	-48,813	-29,935
Proceeds from subordinated liabilities issued		353
Repayment of subordinated liabilities issued	-10	
Ageas settlement	-400	
Dividends paid to the owners of the parent company	-63	
Dividends paid to non-controlling interests		
Cash flow from financing activities	**-3,801**	**5,401**
Net increase/(decrease) of cash and cash equivalents	**6,694**	**988**
Cash and cash equivalents as at 1 January	11,397	5,066
Effect of exchange rate differences on cash and cash equivalents	53	-139
Cash and cash equivalents as at 30 June	**18,144**	**5,915**
Supplementary disclosure of operating cash flow information		
Interest paid	-4,483	-4,830
Interest received	6,836	6,873
Dividend received from investments	52	

notes to the Condensed Consolidated Interim Financial Statements

1 General information

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.
All ordinary shares in ABN AMRO Group N.V., representing 92.6% of the voting rights, are held by a foundation named Stichting administratiekantoor beheer financiële instellingen ("NLFI"). The non-cumulative preference shares in ABN AMRO Group N.V., representing 7.4% of the voting rights, are held by ABN AMRO Preferred Investments B.V. The issued shares in this entity are held by NLFI (70%, all priority shares) and two institutional investors (30%, all ordinary shares).

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

The Condensed Consolidated Interim Financial Statements of ABN AMRO Group for the six months ended 30 June 2012 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 23 August 2012.

Basis of presentation

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

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's 2011 consolidated annual financial statements which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies used in these Condensed Consolidated Interim Financial Statements are consistent with those set out in the notes to the 2011 consolidated annual financial statements of ABN AMRO except for the changes in accounting policies described below.

The Condensed Consolidated Interim Financial Statements are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise noted).

ABN AMRO has refined its definition for loan impairment movements to the statement of financial position as "loan impairment allowance" and to the income statement as "impairment charges on loans and other receivables".

Changes in accounting policies

On 1 January 2012, ABN AMRO adopted IFRS 7 Financial Instruments: Disclosures – Transfer of Financial Assets, which had no significant impact on the interim financial statements.

New accounting standards and interpretations

Since December 2011, the IASB has issued new standards, interpretations or amendments which are not yet effective for these Condensed Consolidated Interim Financial Statements. These standards are described below. Because IAS 19 (as revised in June 2011) will have a significant impact on the financial statements, the impact of IAS 19 (as revised in June 2011) on the financial statements is also disclosed below.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

In June 2012, the IASB issued amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments limit the requirements to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The amendments are effective for annual periods beginning on or after 1 January 2013, in alignment with the effective date of IFRS 10, 11 and 12. The amendments, as well as IFRS 10, 11 and 12 have not been endorsed by the European Commission and are therefore not available for early adoption.

Improvements to IFRSs (2009-2011)

In May 2012, the IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments are effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. These Improvements have not been endorsed by the European Commission and are therefore not available for early adoption.

The amendments are listed below:
- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IAS 1 Presentation of Financial Statements;
- IAS 16 Property, Plant and Equipment;
- IAS 32 Financial Instruments: Presentation;
- IAS 34 Interim Financial Reporting.

IAS 19: Employee Benefits

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets should be recognised in the period as they occur. The "corridor" method is to be eliminated and actuarial gains and losses and unrecognised past service costs to be recognised directly in Other Comprehensive Income. Because actuarial gains and losses are no longer deferred, both the net defined benefit liability/asset and the amounts recognised in profit or loss are affected. The amended standard splits changes in defined benefit liabilities/assets into:
- Service costs (including past service costs, curtailments and settlements) – in profit or loss;
- Net interest costs (i.e. net interest on the net defined benefit liability) – in profit or loss;
- Remeasurement of the defined benefit liability/asset – in other comprehensive income.

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. ABN AMRO currently uses the "corridor" method. If the amended standard had been applied in 2012, this would have had a positive impact (net of tax) of EUR 547 million on ABN AMRO's total equity, based on the situation as per 30 June 2012, mainly due to the direct recognition of actuarial gains and losses. The actuarial gains and losses are, by their nature, highly volatile. Furthermore, the profit for the first half year 2012 would have been EUR 99 million higher (net of tax).

Therefore, this amended standard has a significant impact on the financial position of ABN AMRO. The European Commission has endorsed this standard, and it is thus available for early adoption.

The amended IAS 19 Employee Benefits does not have an impact on Common Equity Tier 1 capital under Basel III fully phased-in rules as long as the funded status remains positive (i.e. assets exceed liabilities). Under Basel III phase-in rules, if a net pension asset exists, the positive effect of this pension asset is expected to reduce gradually to zero over a five-year period beginning 2013. A defined benefit pension fund liability (assets below liabilities) is recognised directly in Common Equity Tier 1.

For other standards, interpretations and amendments issued by the IASB previous to 2012, please refer to the 2011 Annual Financial Statements.

2 Segment reporting

The primary segment information is presented in respect of ABN AMRO business segments. The operating segments are consistent with ABN AMRO management and internal reporting structure.

ABN AMRO is organised into Retail & Private Banking (R&PB), Commercial & Merchant Banking (C&MB) and Group Functions. For financial reporting purposes, based on the components of the business that management monitors in making decisions about operating matters, the Managing Board adopted in 2011 a further refinement of the segment reporting as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions.

Measurement of segment assets, liabilities, income and results is based on the ABN AMRO accounting policies. Segment assets, liabilities, income and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length. Geographical data is presented according to the location of the transacting Group entity.

Interest income is reported as net interest income as management primarily relies on net interest income as a performance measure, not gross income and expense.

No revenue from transactions with a single external client or counterparty exceeded 10% of the bank's total revenue in 2012 or 2011.

Retail Banking

Retail Banking serves Mass Retail and Preferred Banking clients and offers a wide variety of banking and insurance products and services through the branch network, online, via contact centres and through subsidiaries.

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 and local brands such as Banque Neuflize OBC in France and Bethmann Bank in Germany. The Private Banking segment includes the activities of the International Diamond & Jewelry Group (ID&JG).

Commercial Banking

Commercial Banking serves commercial clients with annual turnover of up to EUR 500 million and clients in the public sector, commercial finance and leasing. Commercial Banking consists of two business lines: Business Banking and Corporate Clients.

Merchant Banking

Merchant Banking serves large Netherlands-based corporates, financial institutions and real estate investors as well as international companies active in Energy, Commodities & Transportation (ECT). Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking (LC&MB) and Markets.

Group Functions

Group Functions supports the business segments and consists of Technology, Operations & Property Services (TOPS); Finance; Risk Management & Strategy; Integration, Communication & Compliance (ICC); Group Audit and the Corporate Office. The majority of the costs of Group Functions are allocated to the business. The results of Group Functions include the results of ALM/Treasury.

Segment information for the first half year 2012

Income Statement

(in millions)							First half 2012
	Retail & Private Banking		Commercial & Merchant Banking		Group Functions	Reconciling items[1]	Total
	Retail Banking	Private Banking	Commercial Banking	Merchant Banking			
Net interest income	1,286	275	614	320	20		2,515
Net fee and commission income	231	253	160	193	-49		788
Net trading income		14		223	-30		207
Results from financial transactions		6		38	4		48
Share of result in equity accounted investments	5	6		5	17		33
Other income	8	13	10	16	175		222
Operating income	**1,530**	**567**	**784**	**795**	**137**		**3,813**
Personnel expenses	234	218	160	155	387	-15	1,139
General and administrative expenses	176	104	33	86	569	121	1,089
Depreciation and amortisation of tangible and intangible assets	3	9	1	12	100	6	131
Separation and integration-related items	3	9		1	99	-112	
Intersegment revenues/expenses	437	108	302	197	-1,044		
Operating expenses	**853**	**448**	**496**	**451**	**111**		**2,359**
Impairment charges on loans and other receivables	153	54	241	106			554
Total expenses	**1,006**	**502**	**737**	**557**	**111**		**2,913**
Operating profit/(loss) before taxation	**524**	**65**	**47**	**238**	**26**		**900**
Income tax expenses	130	9	12	33	-27		157
Profit/(loss) for the period	**394**	**56**	**35**	**205**	**53**		**743**
Attributable to:							
Owners of the company	394	56	35	207	53		745
Non-controlling interests				-2			-2

[1] Reconciling items relate to the demerger of ABN AMRO Bank from RBS N.V., the separation of FBN from BNP Paribas Fortis and the integration of ABN AMRO Bank and FBN.

An explanation of the numbers is provided in the operating and financial review of this interim financial report.

Selected statement of financial position

(in millions)						30 June 2012
		Retail & Private Banking		Commercial & Merchant Banking	Group Functions	Total
	Retail Banking	Private Banking	Commercial Banking	Merchant Banking		
Assets						
Financial assets held for trading	50	160	204	32,079	-64	32,429
Loans and receivables – customers	162,307	16,827	42,223	61,660	5,052	288,069
Total assets	**164,368**	**22,341**	**43,836**	**144,280**	**46,480**	**421,305**
Liabilities						
Financial liabilities held for trading	50	157	2	23,703	13	23,925
Due to customers	76,080	57,522	32,998	59,209	3,548	229,357
Total liabilities[1]	**164,368**	**22,341**	**43,836**	**144,280**	**32,938**	**407,763**

[1] Total liabilities per segment are after elimination of intercompany transactions and may therefore be lower than the line item due to customers.

Segment information for the first half year 2011

Income Statement

(in millions)							First half 2011
	Retail & Private Banking		Commercial & Merchant Banking		Group Functions	Reconciling items[1]	Total
	Retail Banking	Private Banking	Commercial Banking	Merchant Banking			
Net interest income	1,337	260	627	254	88		2,566
Net fee and commission income	249	317	195	174	38		973
Net trading income	-1	20	1	83	16		119
Results from financial transactions	-1	2		171	97		269
Share of result in equity accounted investments	15	7		20	4		46
Other income	8	6	45	5	73		137
Operating income	**1,607**	**612**	**868**	**707**	**316**		**4,110**
Personnel expenses	243	241	176	139	615	-26	1,388
General and administrative expenses	155	123	43	72	611	168	1,172
Depreciation and amortisation of tangible and intangible assets	3	13	43	7	114	4	184
Separation and integration-related items	5	9		6	126	-146	
Intersegment revenues/expenses	450	89	323	204	-1,066		
Operating expenses	**856**	**475**	**585**	**428**	**400**		**2,744**
Impairment charges on loans and other receivables	125	11	229	-38	-17		310
Total expenses	**981**	**486**	**814**	**390**	**383**		**3,054**
Operating profit/(loss) before taxation	**626**	**126**	**54**	**317**	**-67**		**1,056**
Income tax expenses	153	18	17	38	-34		192
Profit/(loss) for the period	**473**	**108**	**37**	**279**	**-33**		**864**
Attributable to:							
Owners of the company	473	108	37	272	-34		856
Non-controlling interests				7	1		8

[1] Reconciling items relate to the demerger of ABN AMRO Bank from RBS N.V., the separation of FBN from BNP Paribas Fortis and the integration of ABN AMRO Bank and FBN.

Selected statement of financial position

(in millions)						31 December 2011
	Retail & Private Banking		Commercial & Merchant Banking		Group Functions	Total
	Retail Banking	Private Banking	Commercial Banking	Merchant Banking		
Assets						
Financial assets held for trading	49	183	205	29,118	-32	29,523
Loans and receivables – customers	162,566	15,953	41,946	46,566	4,977	272,008
Total assets	**164,603**	**21,361**	**43,255**	**123,460**	**52,003**	**404,682**
Liabilities						
Financial liabilities held for trading	48	174	3	22,541	13	22,779
Due to customers	72,009	54,270	34,031	46,643	6,663	213,616
Total liabilities[1]	**164,603**	**21,361**	**43,255**	**123,460**	**40,583**	**393,262**

[1] Total liabilities per segment are after elimination of intercompany transactions and may therefore be lower than the line item due to customers.

3 Acquisitions and divestments

The table below shows the acquisitions and divestments made in the first half of 2012 and in the first half of 2011.

(in millions)	First half 2012		First half 2011	
	Acquisitions	Divestments	Acquisitions	Divestments
Net assets acquired/Net assets divested	**24**	**-19**	**44**	**1,721**
Cash used for acquisitions/received for divestments	**-24**	**33**	**-44**	**-1,721**

Acquisitions and divestments first half 2012

The acquisitions and divestments figures show increases and decreases in the investments in equity accounted investments.

Divestment first half 2011

In May 2010, ABN AMRO and Credit Suisse AG signed a sale and purchase agreement regarding the sale of certain assets and liabilities of Prime Fund Solutions (PFS). The sale of the majority of the PFS activities to Credit Suisse AG was completed on 2 May 2011. The sale did not materially impact earnings or regulatory capital. The results of PFS were recorded in Group Functions. The assets and liabilities were sold at a book value of EUR 287 million. The balance sheet was impacted mainly by a transfer of EUR 2 billion in credit client balances and a transfer of EUR 268 million in loans. ABN AMRO remains the owner of the PFS legal entities.

4 Operating income

(in millions)	First half 2012	First half 2011
Net interest income	2,515	2,566
Net fee and commission income	788	973
Net trading income	207	119
Results from financial transactions	48	269
Share of result in equity accounted investments	33	46
Other income	222	137
Operating income	**3,813**	**4,110**

Net interest income declined mainly due to remaining pressure on savings margins, which could not be offset by higher savings volumes. In addition, the decrease was caused by increased funding costs. This was partly offset by improved mortgage margins and increased securities financing volumes.

Net fee and commission income declined mainly as a result of lower transaction volumes due to market uncertainty and several positive large items in 2011. Declines were recorded in all business lines with the exception of Merchant Banking, which benefited from higher fees and commissions. Net fee and commission was also impacted by the sale of the international division of the international division of Fortis Commercial Finance and the sale of the Swiss Private Banking activities in 2011.

The increase in net trading income was mainly due to higher sales and trading income partly offset by less favourable Credit Value Adjustments.

Results from financial transactions declined mainly due to lower results related to hedge accounting ineffectiveness.

The higher other income item was mainly caused by releases of the EC Remedy-related provisions in 2012. This increase was partly offset due to the alignment with market practices to report the depreciation expenses under operating lease as negative income as part of other income for an amount of EUR 40 million.

5 Operating expenses

(in millions)	First half 2012	First half 2011
Personnel expenses	1,139	1,388
General and administrative expenses	1,089	1,172
Depreciation and amortisation of tangible and intangible assets	131	184
Operating expenses	**2,359**	**2,744**

Personnel expenses in the first half of 2011 included an addition to the restructuring provision of EUR 200 million. For more information please refer to note 15 Provisions.

The decrease in general and administrative expenses was due to the sale of the international division of Fortis Commercial Finance and the sale of the Swiss Private Banking activities in 2011 (EUR 30 million in expenses), a decrease in external staffing (EUR 13 million), lower IT expenses (EUR 31 million) and lower housing costs (EUR 20 million) compared to the first half of 2011. In the first half of 2012 a EUR 12 million impairment on property and equipment was recorded. Operating expenses also increased due to operational losses resulting from cybercrime.

To align with market practices, as from 1 January 2012, the depreciation expenses under operating lease are reported as negative income as part of other operating income.

Personnel expenses

(in millions)	First half 2012	First half 2011
Salaries and wages	841	874
Social security charges	121	108
Pension expenses relating to defined benefit plans	90	149
Defined contribution plan expenses	18	17
Other	69	240
Total personnel expenses	**1,139**	**1,388**

Salaries and wages decreased due to lower number of FTEs mainly as a result of the sale of the international division of Fortis Commercial Finance and the sale of the Swiss Private Banking activities in 2011.

Pension expenses decreased compared to the first half of 2011 due to the rise in the discount rate, amortisation of unrecognised actuarial gains partly offset by lower expected return on plan assets.

Other personnel expenses included an addition to the restructuring provision in the first half of 2011. Details are provided in note 15 Provisions.

6 Financial assets and liabilities held for trading

Financial assets held for trading

(in millions)	30 June 2012	31 December 2011
Trading securities:		
Government bonds	2,114	2,355
Corporate debt securities	653	333
Equity securities	11,041	10,808
Total trading securities	**13,808**	**13,496**
Derivatives held for trading:		
Over the counter (OTC)	16,341	13,479
Exchange traded	501	763
Total derivatives held for trading	**16,842**	**14,242**
Trading book loans	1,292	1,255
Commodities	487	530
Total assets held for trading	**32,429**	**29,523**

The financial assets held for trading increased by EUR 2.9 billion due to increased fair value of over-the-counter derivatives (OTC) as a result of a significant shift in the interest curve.

Financial liabilities held for trading

(in millions)	30 June 2012	31 December 2011
Short security positions	7,434	8,858
Derivatives held for trading:		
Over the counter (OTC)	15,621	13,150
Exchange traded	297	316
Total derivatives held for trading	**15,918**	**13,466**
Other liabilities held for trading	573	455
Total liabilities held for trading	**23,925**	**22,779**

The financial liabilities held for trading increased by EUR 1.1 billion. This was mainly caused by a EUR 2.5 billion rise in the volumes and fair value of OTC derivatives due to a significant shift in the interest curve. This increase was offset by a EUR 1.4 billion decrease in the short security positions.

ABN AMRO's financial assets and liabilities held for trading mainly relates to client-facilitating activities carried out by the Markets business.

7 Financial investments

The composition of financial investments is as follows:

(in millions)	30 June 2012	31 December 2011
Financial investments:		
Available-for-sale	18,194	18,360
Held at fair value through profit or loss	377	377
Total, gross	**18,571**	**18,737**
Less: Available-for-sale impairment allowance	16	16
Total financial investments	**18,555**	**18,721**

Financial investments available-for-sale

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

(in millions)	30 June 2012	31 December 2011
Interest-earning securities:		
Dutch government	5,267	4,538
US Treasury and US government		4
Other OECD government	6,697	7,404
Non OECD government	106	164
Mortgage and other asset-backed securities	3,605	3,512
Financial institutions	2,162	2,371
Non financial institutions	127	128
Subtotal	**17,964**	**18,121**
Equity instruments	230	239
Total investment available-for-sale	**18,194**	**18,360**

The decrease in investment in Other OECD government securities is mainly due to sales of bonds issued by the German government (EUR 613 million) and United Kingdom government (EUR 224 million).

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes (also refer to liquidity and funding section of this interim financial report).

8 Loans and receivables – banks

(in millions)	30 June 2012	31 December 2011
Interest-bearing deposits	4,614	15,294
Loans and advances	16,068	14,195
Reverse repurchase agreements	16,561	8,483
Securities borrowing transactions	11,546	19,342
Mandatory reserve deposits with central banks	2,229	3,648
Other	280	383
Total	**51,298**	**61,345**
Less: loan impairment allowance	29	26
Loans and receivables – banks	**51,269**	**61,319**

Loans and receivables – banks decreased by EUR 10.1 billion, due mainly to lower term deposits at central banks interest bearing deposits. This was partly offset by higher collateral requirements for the derivatives liabilities.

Details on loan impairment charges and allowances are provided in note 10.

9 Loans and receivables – customers

(in millions)	30 June 2012	31 December 2011
Government and official institutions	1,132	1,432
Residential mortgage	155,366	155,168
Fair value adjustment from hedge accounting	5,637	4,825
Consumer loans	16,297	16,275
Commercial loans	88,075	82,525
Reverse repurchase agreements	11,310	8,857
Securities borrowing transactions	14,377	7,592
Financial lease receivables	206	213
Factoring[1]	1,232	641
Total	**293,632**	**277,528**
Less: loan impairment allowance	5,563	5,520
Loans and receivables – customers	**288,069**	**272,008**

[1] On 31 December 2011 an amount of EUR 0.7 billion was included in commercial loans. Due to further refinement of accounting harmonisations, as of 30 June 2012 all factoring activities are reported on the line item Factoring.

Loans and receivables – customers rose by EUR 16.1 billion. The increase was largely due to securities financing volumes and growth in the commercial loan portfolio of Merchant Banking. The mortgage portfolio increased marginally.

Details on loan impairment charges and allowances are provided in note 10.

10 Loan impairment charges and allowances

(in millions)	30 June 2012	30 June 2011
On balance	552	309
Off balance	2	1
Total impairment charges on loans and other receivables	**554**	**310**

(in millions)	Banks	Commercial loans	Consumer loans	Total
Balance as at 1 January 2012	**26**	**4,895**	**625**	**5,546**
Impairment charges for the period	5	517	194	716
Reversal of impairment allowances no longer required	-2	-135	-14	-151
Recoveries of amounts previously written off		-4	-9	-13
Total impairment charges on loans and other receivables	**3**	**378**	**171**	**552**
Amount recorded in interest income from unwinding of discounting		32	5	37
Currency translation differences		26	1	27
Amounts written off (net)		-433	-146	-579
Other adjustments		24	-15	9
Balance as at 30 June 2012	**29**	**4,922**	**641**	**5,592**

Impairment charges on loans and other receivables increased by EUR 243 million mainly as the economic downturn led to higher impairment charges especially in the sectors construction, (commercial) real estate and retail. Impairment charges on mortgages increased from 8 to 11 basispoints (over total mortgage book) following a decline in house prices and lower auction revenues. Consumer loans showed a small increase in impairment charges while impairment charges on SME loans remained at elevated levels.

In consumer loans in the total loan impairment charge an amount of EUR 86 million (first half of 2011: EUR 66 million) has been included for residential mortgages.

(in millions)	Banks	Commercial loans	Consumer loans	Total
Balance as at 1 January 2011	**49**	**3,673**	**613**	**4,335**
Impairment charges for the period	2	342	173	517
Reversal of impairment allowances no longer required	-9	-155	-17	-181
Recoveries of amounts previously written off		-3	-24	-27
Total impairment charges on loans and other receivables	**-7**	**184**	**132**	**309**
Amount recorded in interest income from unwinding of discounting		-3	-3	-6
Currency translation differences	-5	-105	-3	-113
Amounts written off (net)	-2	-198	-130	-330
Reserve for unearned interest accrued on impaired loans		41		41
Other adjustments	1	-6	6	1
Balance as at 30 June 2011	**36**	**3,586**	**615**	**4,237**

More information on impairments is provided in the Risk Management section of this report.

11 Due to banks

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

(in millions)	30 June 2012	31 December 2011
Deposits from banks:		
Demand deposits	4,184	3,343
Time deposits	10,582	9,796
Other deposits	3,080	3,209
Total deposits	**17,846**	**16,348**
Repurchase agreements	9,216	6,222
Securities lending transactions	2,778	6,407
Advances against collateral		700
Other	1,320	1,285
Total due to banks	**31,160**	**30,962**

Total deposits increased by EUR 1.5 billion due to inflow in demand deposits and time deposits. Securities financing decreased due to lower volumes of securities lending transactions partly offset by an increase in repurchase agreements, with the latter including a long-term repo (EUR 1.0 billion) as part of the long-term funding.

12 Due to customers

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

(in millions)	30 June 2012	31 December 2011
Demand deposits	71,153	72,428
Saving deposits	77,282	74,481
Time deposits	28,429	23,676
Other deposits	18,809	17,212
Total deposits	**195,673**	**187,797**
Repurchase agreements	27,557	20,885
Securities lending transactions	5,877	4,509
Other borrowings	250	425
Total due to customers	**229,357**	**213,616**

Due to customers increased by EUR 15.7 billion. The increase was mainly linked to the growth in securities financing volumes (EUR 8.0 billion) and customer deposits (EUR 7.9 billion) The largest inflow was shown in Retail Banking (EUR 4.1 billion) and Private Banking (EUR 3.2 billion).

13 Issued debt

The following table shows the types of debt securities issued by ABN AMRO and the amounts outstanding.

(in millions)	30 June 2012	31 December 2011
Bonds and notes issued	71,268	72,879
Certificates of deposit and commercial paper	20,384	21,921
Saving certificates	777	1,004
Total at amortised cost	**92,429**	**95,804**
Designated at fair value through profit or loss	2,188	506
Total issued debt	**94,617**	**96,310**

Issued debt decreased by EUR 1.7 billion mainly due to the redemption of both long-term funding (including two securitisation transactions). The newly issued long-term funding exceeded the redemption of the long-term funding in first half of 2012.
For the amounts of issued debt issued and redeemed during the period please refer to the condensed consolidated statement of cash flows.

The main funding programmes can be specified as follows:

(in millions)	30 June 2012	31 December 2011
Saving certificates	777	1,004
Funding programme:		
Euro Commercial Paper (unguaranteed)	6,523	7,940
London Certificets of Deposit	5,840	6,044
French Certificats de Dépôt	4,180	4,576
US Commercial Paper	3,841	3,361
Medium Term Notes:		
- Unguaranteed	25,082	19,090
- Dutch State guaranteed	2,695	4,834
Senior Secured Bonds (excl. Asset Backed Securities)	25,403	25,368
Asset Backed Securities:		
- Residential Mortgage Backed Securities (Dutch)	20,086	22,545
- Other Asset-Backed securities	190	1,548
Total	**94,617**	**96,310**

Saving certificates
Saving certificates are non-exchange traded instruments with an annual coupon payment and have the same characteristics as bonds.

Euro Commercial Paper
This EUR 25 billion funding programme for the issuance of Euro Commercial Paper (ECP) allows for unsecured issuances with maturities up to one year.

London Certificates of Deposit
This EUR 10 billion funding programme became available in July 2011 as a new funding instrument, further improving the diversification in short-term funding tools. It targets British and American money market funds.

French Certificats de Dépôt
This EUR 25 billion funding programme allows for the issuance of unsecured French Certificats de Dépôt (FCD) with maturities up to and including one year, targeting French institutional investors.

US Commercial Paper
To improve diversification of short-term funding sources, this USD 5 billion funding programme was set up to allow ABN AMRO to attract US dollars from local investors in the United States. It permits unsecured issuances with maturities up to 270 days from the date of issue.

Euro Medium-Term Notes
This programme allows for the issuance of capital securities and medium-term notes (MTN) in several currencies including EUR, GBP, NOK, JPY, CHF, AUD en USD. Due to the multitude of transactions, the programme is key in the construction of the credit curve. At 30 June 2012, the amount outstanding in the EMTN programme was EUR 21.5 billion with an average original maturity of 5.2 years, compared with EUR 17.6 billion and 4.4 years per 31 December 2011.

USD MTN Programme (144a)

This USD 25 billion programme enables ABN AMRO to attract long-term senior and subordinated medium-term notes unsecured funding in the USD market and hence improve funding diversification. ABN AMRO raised USD 2 billion of 3-year funding in January 2011 in a successful inaugural benchmark-size transaction. In January 2012, another successful benchmark transaction of USD 1.5 billion was executed.

Government guaranteed bonds

In 2009, ABN AMRO publicly and privately issued notes under the Dutch State's EUR 200 billion Credit Guarantee Scheme, which has been inactive since year-end 2010. A total notional amount of EUR 2.7 billion of state guaranteed notes was outstanding at 30 June 2012 (31 December 2011: EUR 4.8 billion). This balance matures mid 2014.

Covered bond programme

ABN AMRO has a covered bond programme available to attract secured long-term funding. This programme contributes to the diversification of funding instruments and is important in the building of the credit curve. On 30 June 2012, the total amount outstanding of the active covered bond programme was EUR 22.3 billion, with an average original maturity of 10.3 years. At 31 December 2011, the total outstanding was EUR 22.0 billion with an average original maturity of 9.9 years. The senior secured bonds mainly consists of covered bonds and the remainder of EUR 1.3 billion Bouwfonds secured notes (31 December 2011: EUR 1.9 billion).

Residential Mortgage Backed Securitisations

Securitisation of mortgages is a cornerstone of funding mortgage lending in the Netherlands. At 30 June 2012 the amount outstanding was EUR 20.1 billion (31 December 2011: EUR 22.5 billion).

AUD MTN Programme

In 2011, ABN AMRO added this AUD 10 billion programme to its set of funding instruments in order to further diversify funding sources. No issuances have yet taken place.

14 Subordinated liabilities

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of ABN AMRO.

The following table specifies the issued and outstanding subordinated liabilities.

(in millions)	30 June 2012	31 December 2011
Liability component of subordinated convertible securities		2,000
Other subordinated liabilities	6,789	6,697
Total subordinated liabilities	**6,789**	**8,697**

Subordinated liabilities showed a net decrease of EUR 1.9 billion mainly resulting from the settlement of the legal disputes with Ageas as mentioned below. Total subordinated liabilities include EUR 993 million (2011: EUR 2.7 billion) which qualifies as Tier 1 capital for capital adequacy purposes with the Dutch Central Bank (DNB), when taking into account remaining maturities. The capital management section provides more information on the regulatory capital position of ABN AMRO.

8.75% Mandatory convertible securities (MCS)

The derecognition of the MCS liability follows the settlement of the legal proceedings between ABN AMRO and the Dutch State on the one side and Ageas on the other side on 28 June 2012. This settlement brings to a close all legal proceedings regarding ABN AMRO Capital Finance Ltd (AACF, the former Fortis Capital Company), the MCS and all outstanding disputes between the Dutch State and Ageas in relation to the equity transactions which resulted in the take-over of the Dutch activities of the former Fortis group by the Dutch State on 3 October 2008.

Until the settlement date, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet. Under IFRS this obligation was required to be classified as a liability instead of equity since the number of shares to be issued by ABN AMRO, if any, for the conversion of the liability was unclear as the contract did not stipulate a fixed amount of shares to be delivered.

The conversion of the EUR 2 billion liability into equity has been directly recorded in equity, more specifically in the share premium reserve and share capital.

The MCS changed in the consolidated statement of financial position as at 30 June 2012 as follows:

(in millions)	30 June 2012	31 December 2011
Liability component		
Opening balance	**2,000**	2,000
Issued		
Interest expense		
Interest paid		
Converted into equity	-2,000	
Closing balance	**0**	**2,000**

15 Provisions

The table below shows the breakdown of provisions as at 30 June 2012.

(in millions)	30 June 2012	31 December 2011
Insurance fund liabilities	402	363
Provision for pension commitments	58	60
Restructuring	403	467
Other staff provision	171	191
Other	472	565
Total provisions	**1,506**	**1,646**

Restructuring provisions cover the costs of restructuring plans for which implementation has been formally announced. These are related to the integration and further streamlining of the organisation and infrastructure and include allowances for staff and other operating expenses. The restructuring provisions are expected to be used before the end of 2014.

Other staff provisions relate in particular to disability and other post-employee benefits, except early retirement benefits payable to non-active employees which are included in provision for pension commitments.

Other provisions consist mainly of provisions for tax litigation and legal litigation. These are based on best estimates available at period-end based on the opinion of legal and tax advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

16 Commitments and contingent liabilities

(in millions)	30 June 2012	31 December 2011
Committed credit facilities	14,637	14,484
Guarantees and other commitments:		
Guarantees granted	6,706	7,292
Irrevocable letters of credit	4,570	4,644
Recourse risks arising from discounted bills	7,065	6,120
Total guarantees and other commitments	**18,341**	**18,056**
Total	**32,978**	**32,540**

The decrease in guarantees granted is mainly due to a EUR 0.5 billion decrease in the "credit umbrella". More information about the credit umbrella can be found in note 34 of the Annual Financial Statements 2011.

Other contingencies

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in a number of jurisdictions. In presenting the condensed consolidated interim financial information, 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 costs of defence, are not established for matters when losses cannot be reasonably estimated.

On the basis of information currently available, and having taken legal counsel with legal advisers, ABN AMRO has the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the interim financial position and the interim result of ABN AMRO. For a list of the main relevant legal proceedings see note 38 of the Annual Financial Statements 2011 and in respect of Ageas please refer to note 14 of this report.

Cross liability

Article 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 38 of the Annual Financial Statements 2011, ABN AMRO entered into two demergers – one in 2008 with New HBU II N.V. and one in 2010 with RBS N.V. In the first half of 2012, the contingent liability with New HBU II N.V. was decreased to EUR 232 million. The contingent liability with RBS N.V. remained unchanged at EUR 0.9 billion.

17 Fair value of financial instruments

During the first half year of 2012, there were no material transfers between level 1, level 2 and level 3 of the fair value hierarchy. More information about the basis of determining fair values of the financial instruments can be found in note 39 of the Annual Financial Statements 2011.

18 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. ABN AMRO has applied the partial exemption for government-related entities pursuant to IAS 24 paragraphs 25-27.

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Transactions conducted directly with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships, with the exception of items specifically disclosed in this note. Normal banking transactions relate to loans and deposits and are entered into under the same commercial and market terms that apply to non-related parties.

Balances with joint ventures and associates

(in millions)	30 June 2012				31 December 2011			
	Joint ventures	Associates	Other	Total	Joint ventures	Associates	Other	Total
Assets	19	135	993	1,147	10	118	715	843
Liabilities	62	368		430	53	351		404
Irrevocable facilities		15		15		18		18
Income received	15	36		51	31	68	23	122
Expenses paid		2	88	90		3	239	242

The column other includes amounts related to pension funds.

Balances with Dutch State

(in millions)	30 June 2012	31 December 2011
Assets		
Financial assets held for trading	709	776
Financial investments – available for sale	5,267	4,538
Loans and receivables – customers	671	970
Accrued income and deferred charges	227	121
Liabilities		
Due to customers[1]	2,108	2,100
Subordinated loans[1]	1,650	1,650

	First half 2012	First half 2011
Income statement		
Interest income	86	27
Interest expense	58	74
Net trading income	-69	-1
Net fee and commission income	-13	

[1] The Dutch State acquired these liabilities, excluding EUR 8 million Due to customers, from Ageas on 3 October 2008.

Transactions conducted directly with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships.

In addition to the items shown above, ABN AMRO has Medium Term Notes of EUR 2.7 billion (2011: EUR 4.8 billion) outstanding that are guaranteed by the Dutch State under the EUR 200 billion Government Bond Scheme.

In addition to the balances with the Dutch State reported in the table above, the following transactions have been conducted with the Dutch State:

- RBS continues to legally own certain 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 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 relating to certain of those assets and liabilities. ABN AMRO has assessed the risk of such a shortfall and considers this to be remote.

As stated in note 38 of the Annual Financial Statements 2011, ABN AMRO took over the cross-liability exposure for NEW HBU II N.V. on RBS N.V. for a period of five years. ABN AMRO received an indemnity from the Dutch State for this exposure.

19 Other information

Post balance sheet events

The sale and transfer to Aon of the commercial insurance broker activities for corporate clients was completed on 2 July 2012. The insurance operations for small and medium-sized businessess were simultaneously transferred to ABN AMRO Verzekeringen.

On 6 July 2012, ABN AMRO issued a new EUR 1 billion Subordinated Tier 2 transaction. The instrument has a maturity of 10 years and a coupon of 7.125%. Tier 2 capital increased by EUR 1 billion with this transaction.

On 13 July 2012, ABN AMRO, Fortis Bank Nederland Pension Fund and ABN AMRO Bank Pension Fund signed an agreement to merge the two pension funds. All accrued rights included in the Fortis Bank Nederland Pension Fund will transfer to the ABN AMRO Bank Pension Fund. ABN AMRO is to facilitate the merger with certain compensation payments to ensure that the accrued rights will not deteriorate. Costs related to the transfer of the investment portfolio are also for the account of ABN AMRO. Additionally, ABN AMRO has safeguarded both pension funds against negative impact the merger might have. Currently, the total costs are estimated at around EUR 175 million (based on June 2012 interest rates). The merger is subject to DNB approval and to some closing conditions including a due diligence. The merger is anticipated to take place on 1 January 2013.

On 27 July 2012 ABN AMRO issued EUR 1.5 billion 1.875% covered bonds under its existing covered bond programme. The bonds have a maturity of 7 years.

On 10 July 2012 Dutch parliament passed a new bank tax law with a yearly estimated net impact for ABN AMRO of approximately EUR 100 million. In accordance with IFRS the expense will be recognised in the fourth quarter as the tax will be levied on 1 October 2012.

Review report

To: the Shareholders, Supervisory Board and Management 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, included on pages 57 up to 88, which comprises the condensed consolidated statement of financial position as at 30 June 2012, the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six month period ended 30 June 2012, and the notes. The Management Board of the Company 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 Condensed Consolidated Interim Financial Statements 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 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 as at 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Amstelveen, 23 August 2012

KPMG ACCOUNTANTS N.V.
D. Korf RA

other

definitions of important terms 9

ABN AMRO or the Group
ABN AMRO Group N.V. incorporated on 18 December 2009 ("ABN AMRO Group" or "the Company") and its consolidated subsidiaries.

ABN AMRO Bank
ABN AMRO Bank N.V. (formerly known as "ABN AMRO II N.V.").

ABN AMRO Holding
Refers to ABN AMRO Holding N.V. and its consolidated subsidiaries, which was acquired by the Consortium and renamed RBS Holdings N.V. upon the Legal Separation. RBS Holdings N.V. is part of The Royal Bank of Scotland Group plc.

Absolute sensitivity
The absolute sensitivity adds the different positions on the yield curve, regardless of whether they are positive or negative. It measures the absolute interest rate position.

Advanced Internal Ratings Based (AIRB)
The highest and most detailed level of credit risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.

Ageas
Refers to ageas SA/NV (formerly known as Fortis SA/NV) and ageas N.V. (formerly known as Fortis N.V.) together.

Assets under Management (AuM)
Assets, including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of realising an optimal investment result.

Basel I
The Basel Capital Accord is the 1988 agreement among the G10 central banks to apply common minimum capital standards to the banking industry.

Basel II
The Basel II framework offers a second set of standards for establishing minimum capital requirements for banks. It was prepared by the Basel Committee on Banking Supervision.

Basel III
The third set of Basel accords, which was developed in response to the late 2000's financial crisis. The Basel III standards include higher and better-quality capital, better risk coverage and the introduction of a maximum leverage ratio.

Basis point (bp)
One hundredth of a percentage point.

BNP Paribas Fortis
Refers to Fortis Bank SA/NV, a consolidated subsidiary of BNP Paribas Group.

Cash and balances at central banks
This item includes all cash and only credit balances with central banks that are available on demand.

Clearing
Refers to the clearing businesses of ABN AMRO.

Consortium
Refers to The Royal Bank of Scotland Group plc ("RBS Group"), Ageas and Banco Santander S.A. ("Santander"), which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ("RFS Holdings"). On 3 October 2008 the State of the Netherlands became the successor of Ageas.

Contingency Funding Plan
The CFP, which is aligned with the Recovery Plan as required by DNB, comes into effect in the event the bank's liquidity position is threatened by internal or external circumstances which could lead to a liquidity crisis. The CFP is designed to enable the bank to continue to manage its liquidity sources without unnecessarily jeopardising the businesses, while limiting excessive funding costs in severe market circumstances. The CFP defines several stages which describe the seriousness of liquidity threats. The CFP stage is determined based on the internal liquidity risk profile and external market developments.

Core Tier 1 ratio
The bank's core capital, excluding preference shares, expressed as a percentage of total risk-weighted assets.

Cost of risk
The cost of risk is defined as annualised impairment charges on loans and other receivables divided by average risk-weighted assets.

Counterparty valuation adjustment
Market value adjustment for counterparty credit risk.

Country risk
Country risk is part of credit risk and is defined as the risk of losses due to country-specific events or circumstances (political, social, economic) relevant for credit exposures that are cross-border in nature.

Coverage ratio
The coverage ratio shows to which extent the impaired exposures are covered by impairment allowances for identified credit risk.

Credit rating
Assessment of a credit rating agency expressed in a combination of letters and/or figures indicating the creditworthiness of a country, company or institution.

Credit risk
Credit risk is the risk of a financial loss that occurs if a client or counterparty fails to meet the terms of a contract or otherwise fails to perform as agreed.

Credit umbrella
Financial guarantee covering part of the potential credit losses on the portfolio that existed at the time of closing the sale under the EC Remedy.

Credit Valuation Adjustments
Market value adjustments for counterparty credit risk.

Defaulted exposures
Exposures for which there are indicators that a counterparty may not be able to meet its contractual obligations and/or when an exposure is more than 90 days past due. Defaulted exposures for which contractual cash flows are still expected are assigned an internal rating UCR 6, also defined as "default without provision". An exposure is considered impaired, also defined as "default with provision" or "impaired exposure", when not all contractual cash flows are expected to be collected. These are assigned an internal credit rating of 7 or 8.

Derivatives
Financial instruments whose value is derived from the price of one or several underlying assets (e.g. currencies, securities, indices).

Duration of equity
Duration of equity indicates the sensitivity of the market value of equity to a 1% parallel change in the yield curve. The targeted interest risk profile results in a limit of the duration of equity between 0 and 7 years.

Dutch State
Refers to the State of the Netherlands.

Dutch State acquired businesses
Refers to the businesses of ABN AMRO Holding acquired by the Dutch State.

EC Remedy
The divestment of the EC Remedy Businesses by ABN AMRO Bank in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank through the Legal Merger. The EC Remedy Businesses consist of New HBU II N.V. and IFN Finance B.V.

Encumbered assets
Assets that were pledged or subject to an arrangement, either explicitly or implicitly, in any way to secure, collateralise or credit enhance a transaction.

Exposure at Default (EAD)
EAD models estimate the expected exposure at the time of a counterparty default. In the case that all or part of a facility is undrawn (outstanding is below the limit), a percentage of this undrawn amount is added to the exposure to reflect the possibility that the facility is utilised further in the case of default. Actual Exposures at Default therefore might be higher than the current carrying amount. The parameters used in EAD calculations are calibrated on internal portfolio data.

FBN
The legal entity Fortis Bank (Nederland) N.V., previously named Fortis Bank Nederland (Holding) N.V., which merged with ABN AMRO Bank pursuant to the Legal Merger.

Hedge
Protecting a financial position by going either long or short, often using derivatives.

Impaired exposures
Exposures for which not all contractual cash flows are expected and/or exposures more than 90 days past due for which impairments are determined on a portfolio basis. These are also called “default with provision” and are assigned an internal rating 7 or 8.

Impaired ratio
The impaired ratio shows which fraction of the gross carrying amount of a financial asset category consists of impaired exposures.

Impaired EAD ratio
The impaired EAD ratio shows which fraction of an EAD category consists of impaired exposures.

Impairment charges on loans and other receivables
Charge to income statement to cover possible loan losses on non-performing loans.

International Financial Reporting Standards (IFRS)
IFRS, formerly known as International Accounting Standards, are drawn up and recommended by the International Accounting Standards Board. The European Union requires that IFRS be used by all exchange-listed companies in the EU starting from the financial year 2005.

Legal Demerger
The Legal Demerger effectuated on 6 February 2010 in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses held by RBS N.V. into ABN AMRO Bank.

Legal Merger
The Legal Merger effectuated on 1 July 2010 between ABN AMRO Bank and FBN. ABN AMRO Bank was the surviving entity and FBN was the disappearing entity.

Loan impairment allowance
Balance sheet allowance held against non-performing loans.

Market risk (banking book)
Market risk in the banking book, mainly interest rate risk, is the risk of yield curve development that is unfavourable for the bank. Other market risks are limited in the banking book either through hedging (foreign rate exchange risk) or in general (other market risk types).

Market risk (trading book)
Market risk in the trading book is the risk of loss resulting from unfavourable market price movements which can arise from trading or holding positions in financial instruments in the trading book.

Mismatch result
Interest rate mismatch is the difference in interest maturity between funds lent and funds borrowed.

NII-at-Risk
The risk of changes in net interest income (NII) is measured on a scenario- based analysis. The NII-at-Risk metric indicates the change in net interest income during the coming 12 months, comparing the NII calculated using a constant yield curve with the NII calculated using a yield curve that is gradually shifted to a total of 200 basis points. The net interest income is negatively impacted when rates rise.

NLFI
Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments (foundation)). On 29 September 2011 the Dutch State transferred its shares in ABN AMRO Group N.V. and in ABN AMRO Preferred Investments B.V. to NLFI. NLFI is set up as a means to avoid potential conflicting responsibilities that the Minister of Finance might otherwise face, as a shareholder and as a regulator, as well as to avoid political influence being exerted.

Notional amounts
The value of the principal of the underlying financial contract.

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

Past due exposure
A financial asset is past due if a counterparty has failed to make a payment when contractually due, if it has exceeded an advised limit or has been advised of a limit lower than its current outstanding.

Past due ratio
The past due ratio shows which fraction of the gross carrying amount of a financial asset category is past due but not impaired.

RBS N.V.
The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.

Regulatory capital adequacy
Measure of a bank's financial strength, often expressed in risk-bearing capital as a percentage of total risk-weighted assets.

Regulatory liquidity requirement
The regulatory liquidity requirement measures the one-month liquidity position in the scenario of a severe and short stress as defined by DNB. It requires the one-month liquidity position to exceed the minimum required regulatory level of zero.

Repo
A repo, also known as a repurchase agreement, is the sale of securities together with an agreement for the seller to buy back the securities at a later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest, sometimes called the repo rate. The party that originally buys the securities effectively acts as a lender. The original seller is effectively acting as a borrower, using their security as collateral for a secured cash loan at a fixed rate of interest.

Return on average equity
Annualised underlying profit for the period divided by average total equity.

Return on average RWA
Annualised underlying profit for the period divided by average RWA.

Risk-weighted assets
Total assets and off-balance sheet items calculated on the basis of the risks relating to the various balance sheet items.

Savings mortgages
Savings mortgages are mortgages with a separate savings account where by the balance of savings is used for redemption of the principal at maturity.

Securitisation
Restructuring credits in the form of marketable securities.

SF/NLA
The internally developed Stable Funding over Non-Liquid Assets ratio (SF/NLA) shows the extent to which core assets (non-liquid assets) are covered by core liabilities (stable funding).

Standardised approach (Basel II)
The standardised approach for credit risk measures credit risk in a standardised manner, supported by external credit assessments.

Stress testing
Method of testing the stability of a system or entity when exposed to exceptional conditions.

Survival period
The survival period indicates for what period the Group's liquidity position will remain positive in a situation where stress is observed in wholesale funding markets, but funds attracted through retail and commercial clients remain stable.

Tap issue
A procedure that allows borrowers to sell bonds or other short-term debt instruments from past issues. The bonds are issued at their original face value, maturity and coupon rate, but sold at the current market price.

Uniform Counterparty Rating (UCR)
The UCR is an obligor rating and refers to the probability of default by an obligor, i.e. the likelihood that a counterparty fails to pay interest and/or principal and/or other financial obligations to the bank.

Value-at-Risk banking book
Value-at-Risk banking book (VaR banking book) is used as a statistical measure for assessing interest risk exposure. It estimates potential losses and is defined as the predicted maximum loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time, and at a specified level of statistical confidence. A VaR for changes in the interest rate for the banking book is calculated at a 99% confidence level and a two-month holding period.

Volatility
Statistical measure for the degree to which items (market rates, interests) fluctuate over time.

abbreviations 10

AACF	ABN AMRO Capital Finance Ltd (former Fortis Capital Company Ltd.)
AFS	Available-for-sale
ALM	Asset & Liability Management
AuM	Assets under Management
AUD	Australian Dollar
bp	Basis point
CD	Certificate of deposit
CFP	Contingency Funding Plan
CHF	Swiss Franc
C&MB	Commercial & Merchant Banking
CP	Commercial paper
CRD	(the EU's) Capital Requirements Directive
CVA	Credit Value Adjustment
DNB	De Nederlandsche Bank N.V. (Dutch central bank)
DSTA	Dutch State Treasury Agency
EAD	Exposure at Default
EC	European Commission
ECB	European Central Bank
ECP	Euro Commercial Paper
ECT	Energy, Commodities & Transportation
EU	European Union
EUR	Euro
FBN	Fortis Bank Nederland
FCF	Fortis Commercial Finance
FTE	Full-time equivalent (a measurement of number of staff)
FX	Foreign exchange
GBP	British pound
GGB	Government Guaranteed Benchmark
IBNI	Incurred but not identified
ICB	Industry Classification Benchmark
ICC	(ABN AMRO's) Integration, Communication & Compliance
IASB	International Accounting Standards Board
ID&JG	(ABN AMRO's) International Diamond & Jewelry Group
IFRS	International Financial Reporting Standards
IRB	Internal Rating Based (approach)
IT	Information Technology
JPY	Japanese Yen
LC&MB	(ABN AMRO's) Large Corporates & Merchant Banking
LCR	Liquidity Coverage Ratio
LIP	Loss identification period
LtD	Loan-to-deposit (ratio)
LtMV	Loan-to-Market Value
LTRO	Long Term Refinancing Operations
MCS	Mandatory Convertible Security
MTN	Medium-term notes
NHG	Nationale Hypotheek Garantie (Dutch State guaranteed mortgages)
NII	Net Interest Income
NOK	Norwegian Krone
NSFR	Net Stable Funding Ratio
OECD	The Organisation for Economic Co-operation and Development
OOE	One Obligor Exposure
OTC	Over the counter
PFS	Prime Fund Solutions
pp	Percentage point
RBS	The Royal Bank of Scotland plc
RMBS	Residential Mortgage Backed Securitisation
RM&S	(ABN AMRO's) Risk Management & Strategy
R&PB	Retail & Private Banking

RWA	Risk-weighted assets
SA	Standardised Approach
SF/NLA	Stable Funding over Non-Liquid Assets (ratio)
SMEs	Small to medium-sized enterprises
TOPS	(ABN AMRO's) Technology, Operations & Property Services
UCR	Uniform Counterparty Rating
USD	US dollar
VaR	Value-at-Risk
YE	Year-end

ABN·AMRO