26 JUNE 2013

ABN AMRO BANK N.V.

REGISTRATION DOCUMENT

CONTENTS

Page

1. INTRODUCTION

This document constitutes a registration document ("**Registration Document**") for the purposes of Article 5 of Directive 2003/71/EC (as amended, the "**Prospectus Directive**") and has been prepared for the purpose of giving information with respect to ABN AMRO Bank N.V. (the "**Issuer**") which, according to the particular nature of the Issuer and the securities which it may offer to the public within a member state ("**Member State**") of the European Economic Area (the "**EEA**") or apply to have admitted to trading on a regulated market situated or operating within such a Member State, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Registration Document was approved on 26 June 2013 by The Netherlands Authority for the Financial Markets (the "**AFM**") as the competent authority under the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht)* implementing the Prospectus Directive.

This Registration Document, which (save as described below) is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents incorporated by Reference*").

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Registration Document, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Registration Document should not be considered as a recommendation by the Issuer that any recipient of this Registration Document should purchase securities of the Issuer. Each investor contemplating purchasing any securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any securities.

The delivery of this Registration Document will not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Registration Document has been most recently amended or supplemented. Investors will need to make their own investigations and financial calculations on the basis of the financial information incorporated by reference herein in order to make an informed assessment of the future assets and liabilities, financial position, profit and losses and prospects of the Issuer and when deciding whether or not to purchase any financial instruments issued by the Issuer. The Issuer has no obligation to update this Registration Document, except when required by and in accordance with the Prospectus Directive.

This Registration Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Registration Document and the offer or sale of securities may be restricted by law in certain jurisdictions. The Issuer does not represent that this Registration Document may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any securities or distribution of this Registration Document in any jurisdiction where action for that purpose is required. Accordingly, no securities may be offered or sold, directly or indirectly, and neither this Registration Document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Registration Document or any securities of the Issuer may come must inform themselves about, and observe, any such restrictions on the distribution of this Registration Document and the offering and sale of such securities.

Any securities to be issued by the Issuer in connection with this Registration Document have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, any such securities may not be offered, sold or delivered within the United States of America ("**US**") or to or for the account or benefit of U.S. persons.

All references in this document to "**EUR**", "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to Sterling and £ refer to pounds sterling and references to "**U.S. Dollars**", "**USD**" and "**$**" refer to United States dollars.

2. RISK FACTORS

Set out below are risk factors which could affect the future financial performance of the Issuer and the Group and thereby potentially affect the Issuer's ability to fulfil its obligations in respect of securities issued or guaranteed by it. The Issuer has described the risks relating to its operations of which it is aware and that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware and any of these risks could have effects set forth above. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Issuer and the Group face.

Throughout this section the Issuer is used as a reference to the Issuer and its consolidated subsidiaries and other group companies (including ABN AMRO Group N.V.).

1. Conditions in the global financial markets and economy may materially adversely affect the Issuer's business, financial position, results of operations and prospects.

The outlook for the global economy over the near to medium term remains challenging. Results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including political, economic and market conditions; changes in consumer spending, investment and saving habits; monetary and interest rate policies of the European Central Bank ("**ECB**") and G7 central banks; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation or deflation; the stability and solvency of states, financial institutions and other companies; natural disasters; acts of war or terrorism; investor sentiment and confidence in the financial markets; or a combination of these or other factors.

A revival of financial market tensions related to euro zone sovereign debt concerns may lead to renewed stress in sovereign and bank funding markets. Market conditions remain vulnerable and significant risks remain. As a result, there is a possibility that the Issuer may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on the Issuer's business, financial position, results of operations and prospects. In addition, economic conditions remain challenging. The economy is therefore particularly vulnerable to a renewed rise in financial market tensions or a surge in oil prices, commodities, or new economic shocks, which could lead to a more severe economic downturn.

Any of the above factors may materially adversely affect the Issuer's business, financial position, results of operations and prospects.

2. Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities.

The securities and other financial markets can experience sustained periods of high volatility, unpredictable market movements, severe market dislocations and illiquidity or other liquidity disruptions. These market conditions can cause a reduction in the value of assets held by the Issuer, a decline in the profitability of certain assets, an increase in unrealised losses in the Issuer's various (asset) portfolios, a reduction in unrealised gains in the Issuer's various (asset) portfolios or in the demand for some of the Issuer's banking services and products and may impede the Issuer's access to funding on the capital markets. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, which may further exacerbate such rapid decreases in asset values or liquidity disruptions.

Since the start of the financial crisis in 2007, both the debt and the equity securities markets have been very volatile. Under these extreme conditions, funding transactions, as well as hedging and other risk management strategies, may not be as effective at mitigating trading risks as they would be under more normal market conditions. There is no assurance that such volatility will not result in a prolonged market decline, or such market declines for other reasons will not occur in the future.

Market conditions, and periods of high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters or other similar events outside the Issuer's control.

Severe market events have historically been proven to be difficult to predict, and could lead to the Issuer realising significant losses if extreme market events were to persist for an extended period of time. Therefore market volatility, liquidity disruptions, or dislocations could have a material adverse effect on the Issuer's business, financial position and results of operations.

3. Changes in interest rates and foreign exchange rates may adversely affect the Issuer's business, financial position, results of operations and cash flows.

Fluctuations in interest rates and foreign exchange rates influence the Issuer's performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate and foreign exchange rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. If the yield on the Issuer's interest-earning assets does not increase at the same time or to the same extent as its cost of funds, or if its cost of funds does not decline at the same time or to the same extent as the decrease in yield on its interest-earning assets, the Issuer's net interest income and net interest margin may be adversely impacted. This could have a material adverse effect on the Issuer's business, financial position, results of operations and cash flows.

In addition, the Issuer publishes the Issuer's consolidated annual financial statements in euros. Fluctuations in the foreign exchange rates used to translate other currencies into euros affect the Issuer's reported consolidated financial position, results of operations and cash flows from period to period.

4. Lack of liquidity is a risk to the Issuer's business and its ability to access sources of liquidity.

Liquidity risk is the risk that actual (and potential) payments or collateral posting and other obligations cannot be met on a timely basis. The Issuer discerns two types of liquidity risk. Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that the bank cannot sell an asset without significantly affecting the market price due to (i) insufficient market depth (insufficient supply and demand), (ii) market disruption, (iii) changes in the applicable haircuts and market value or (iv) uncertainty about the time required to realize the liquidity value of the assets. See also the risk factor "*Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities.*" above.

Liquidity risk is inherent in banking operations and can be increased by a number of enterprise specific factors, including an over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as economic conditions, market dislocations or major disasters.

Like many banking groups, the Issuer relies on customer deposits to meet a considerable portion of its funding. However, such deposits are subject to fluctuation due to certain factors, such as a loss of confidence, increasing competitive pressures or the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors, which could result in a significant outflow of deposits within a short period of time. An inability to grow, or any material decrease in, the Issuer's deposits could, particularly if accompanied by one of the other factors described above, have a negative impact on the Issuer's ability to satisfy its liquidity needs.

In periods of liquidity stress the Issuer may need to seek funds from alternative sources, potentially at higher costs of funding than has previously been the case.

In addition, the funding of the Issuer may be hindered by market circumstances. The ability of the Issuer to fund its operations is strongly dependent on market factors and market developments. The risk exists that market circumstances may limit desired steering of the funding profile of the Issuer.

Any of the above factors may materially adversely affect the Issuer's funding ability, financial position and results of operations.

5. Reductions or potential reductions in the Issuer's credit ratings could have a significant impact on its borrowing ability and liquidity management through reduced funding capacity and collateral triggers, and on the access to capital and money markets as well as adversely affect the Issuer's business and results of operations.

Rating agencies assess the creditworthiness of the Issuer and its operating environment and assign a rating to the Issuer and some of the financial instruments it has issued. This information is available to investors, clients and counterparties of the Issuer. There can be no assurance that a credit rating agency will not downgrade any such credit rating or change the outlook on any such credit rating.

In addition, rating agencies may change their methodology from time to time, which may also result in a downgrade or a change in the outlook on any such credit rating.

Any downgrade or potential downgrade in the Issuer's ratings may increase its borrowing costs, require the Issuer to replace funding lost due to the (potential) downgrade (e.g., customer deposits), limit the Issuer's access to capital and money markets and trigger additional collateral requirements in derivatives contracts and other secured funding arrangements. In addition, a rating downgrade or potential downgrade of the Issuer could, among other things, limit the Issuer's opportunities to operate in certain business lines and adversely affect certain other business activities.

As a result, any reductions in the Issuer's credit ratings could have a negative impact on the Issuer's business, results of operations, prospects, financial position, borrowing costs, ability to raise funding and capital and competitive position.

6. The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects.

The Issuer conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioural requirements), rules, stress testing exercises, corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. The Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**"), the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on the Issuer. The European Commission has also recently proposed a plan to grant the ECB powers to monitor and supervise banks in the eurozone (the "**single supervisory mechanism**"), which may result in further requirements being imposed on the Issuer, including but not limited to capital and liquidity. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies, or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

Any changes in the tax laws of jurisdictions in which the Issuer operates which affect its products could have a material adverse effect on its banking or other businesses and results of operations and financial position. This includes the bank tax levied by the Dutch State, a possible European financial transaction tax and a change in the financing of compensations under the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*) from ex post to ex ante. The entry into force of the Dutch Deposit Guarantee Scheme was initially planned for 1 July 2013. However, the Dutch Minister of Finance has suggested in connection with the nationalisation of SNS Reaal N.V. that the entry into force be postponed for another two years. The new ex-ante funding system is expected to increase the Issuer's expenses for the Dutch Deposit Guarantee Scheme.

Furthermore, based on sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act or "**FATCA**"), a 30% withholding tax is imposed on all US source payments to a non-US financial institution (an "**FFI**"), unless the FFI concludes an agreement with the United States Internal Revenue Service (the "**IRS**"), under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in a so-called IGA jurisdiction, where the local government has concluded an inter-governmental agreement with the US to facilitate the implementation of FATCA (an "**IGA**"). The IRS recently issued final regulations relating to FATCA. Approximately 50 countries worldwide are negotiating with the US about such an IGA, including most locations where the Issuer operates. The Issuer expects that FATCA will have a considerable impact on client onboarding processes, client segmentation and client administration as well as on reporting systems.

Since 2009, as many emergency government programs slowed or wound down, global regulatory and legislative focus generally moved to a second phase of broader reform and a restructuring of financial institution regulation. Legislators and regulators, both in Europe and in the United States, are currently introducing a wide range of proposals that, if enacted, could result in major changes to the way the Issuer's global operations are regulated. Some of these major changes, as well as the sheer volume thereof, could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices or force the Issuer to discontinue businesses and expose the Issuer to additional costs, taxes, liabilities, enforcement actions and reputational risk.

As a financial company, certain reform proposals under consideration, including the proposals of the Basel Committee on Banking Supervision (the "**Basel Committee**") as set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are to be implemented in the European Union (the "**EU**") through the Capital Requirements Directives and Capital Requirements Regulation known as "**CRD IV**", will, *inter alia*, result in the Issuer becoming subject to stricter capital and liquidity requirements and may also affect the scope, coverage, or calculation of capital, all of which could require the Issuer to reduce business levels or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company. See "*As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance*." below.

The Dutch government has introduced a legislative proposal for a ban on referral fees relating to specific complex financial products or significant household financial decisions, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and to ensure that the interests of consumers and their advisors are aligned. Financial advisors will be required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees will no longer be payable. This ban came into effect in January 2013. A similar ban on referral fees has been announced by the Dutch Ministry of Finance in relation to certain investment services, in particular (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition would for instance affect current inducement fees paid by investment funds to distributors. Under the new rules, only the client itself would be allowed to pay commissions to the investment services provider. The Ministry announced that this ban should become effective by 1 January 2014. Both bans may adversely impact the Issuer's businesses and results of operations.

The maximum loan amount for government-guaranteed mortgage loans (NHG) has been reduced from EUR 350,000 to EUR 320,000 as from 1 July 2012 and is expected to be capped at lower levels going forward, to arrive at the former level of EUR 265,000 in 2014. In addition, the Dutch government will further restrict mortgage financing by gradually reducing the maximum Loan to Mortgage Value of a mortgage loan from 106% (including 2% transfer tax) to 100% in 2018.

In the Netherlands, subject to a number of conditions, mortgage loan interest payments used to be fully deductible from the income of the borrower for income tax purposes. However, new legislation on tax deductibility of new mortgages loans took effect on 1 January 2013. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced in the next 28 years from a maximum of 52% to a maximum of 38%. Changes to the deductibility of interest payments may, amongst other things, have an effect on the house prices and the rate of economic recovery and may result in an increase of defaults, prepayments and repayments.

The changes to mortgage lending rules and the restrictions to tax deductibility as mentioned above may have a particular impact on the Issuer's mortgage business. See also the risk factor "*The Issuer's businesses are primarily located in the Netherlands.*" below.

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), enacted in July 2010, covers a broad sweep of regulations and requirements for financial services. On the basis of its current review of the Dodd-Frank Act and the rules and regulations promulgated under it, the Issuer expects Title VII of the Dodd-Frank Act to have the greatest impact on its businesses and/or operations. Title VII introduces a new framework of regulations and requirements for over-the-counter (OTC) derivative transactions, markets and participants. Not all regulations and rules under Dodd-Frank Act have been finalised, however, and the Issuer cannot predict with certainty the impact these new regulations and rules, including those promulgated under Title VII of the Dodd-Frank Act, may have on financial markets generally, or on the Issuer's businesses, financial position and results of operations, specifically.

Any of the above factors, events or developments may materially adversely affect the Issuer's businesses, financial position and results of operations and prospects.

7. As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.

Effective management of the Issuer's capital and/or liquidity is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. The Issuer is required by regulators in the Netherlands, and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources and liquidity, as such regulator may deem appropriate. The maintenance of adequate capital and liquidity is also necessary for the Issuer's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, to strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio. See Chapter 18 (Capital management) and Chapter 19 (Liquidity and funding) of ABN AMRO Group N.V.'s Annual Report 2012, which has been incorporated by reference into this Registration Document, for information on the Issuer's capital and liquidity position under Basel III rules known as at 31 December 2012. The Basel III Final Recommendations are being discussed in the European Parliament and Council and political agreement has been reached on further revisions to the Capital Requirements Directives, known as CRD IV. The newly issued CRD IV is likely to enter into force as of 1 January 2014 and will replace its predecessor capital requirements directives (CRD I, II and III). There can be no assurance, however, that prior to the proposed implementation of the Basel III Final Recommendations, the Basel Committee will not amend or supplement the Basel III Final Recommendations. Further, the EU and/or authorities in the Netherlands may implement the Basel III Final Recommendations in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

The Basel Committee is conducting further work on systemically important financial institutions and contingent capital in close coordination with the Financial Stability Board. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issues of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralised manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

The above changes and any other changes that limit the Issuer's ability to manage effectively its balance sheet, liquidity position and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions, a growth in unfunded pension exposures or otherwise) or to access funding sources could have a material adverse impact on its financial position, regulatory capital position and liquidity provision.

8. Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding.

The Dutch government has adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"). On 6 June 2012, the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing banks (the "**EU Bank Proposals**") which contains a number of legislative proposals similar to the Dutch Intervention Act. Pursuant to the Dutch Intervention Act, substantial new powers are granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency. The Dutch Intervention Act empowers DNB or the Minister of Finance, as applicable, to commence proceedings leading, *inter alia*, to:

(i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a "bridge bank"; and (iii) public ownership (nationalisation) of the relevant bank and expropriation of debt securities. Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by DNB or the Minister of Finance, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

The Dutch Intervention Act and the EU Bank Proposals may lead to additional measures. For example, in connection with the nationalisation of SNS Reaal N.V. pursuant to the Dutch Intervention Act, a one-off resolution levy for all banks was proposed by the Minister of Finance.

In addition, the EU Bank Proposals include a discussion of possible proposals to give regulators resolution powers to write down debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern subject to appropriate restructuring. These measures may be applied retrospectively to any debt currently in issue.

It is possible that pursuant to the EU Bank Proposals, the Dutch Intervention Act or other resolution or recovery rules which may in the future be applicable to the Issuer, new powers may be given to DNB or another relevant authority which could be used in such a way as to result in the debt instruments of the Issuer absorbing losses in the course of any resolution of the Issuer.

It is at this stage uncertain if the EU Bank Proposals will be adopted and if so when and in what form. However, the Dutch Intervention Act and, if adopted in their current form, the EU Bank Proposals could negatively affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debt instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. The Dutch Intervention Act and the EU Bank Proposals could therefore, amongst other things, increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operations.

9. The Issuer operates in markets that are highly competitive. If the Issuer is unable to perform effectively, its business and results of operations will be adversely affected.

There is substantial competition for the types of banking and other products and services that the Issuer provides in the regions in which the Issuer conducts large portions of its business, especially in the Netherlands. As a result, the Issuer's strategy is to maintain customer loyalty and retention. In other international markets, the Issuer faces competition from the leading domestic and international institutions active in the relevant national and international markets.

Furthermore, the intensity of competition is influenced by many factors beyond the Issuer's control (including consumer demand, the impact of consolidation, technological changes, emerging non-traditional competitors, regulatory action, competitive advantages of certain competitors and many other factors).

Moreover, government involvement and/or ownership in banks, including in the Issuer, may have an impact on the competitive landscape in the major markets in which the Issuer operates.

Competitive pressures could result in increased pricing pressures on a number of the Issuer's products and services or could result in loss of market share and may harm the Issuer's ability to maintain or increase profitability.

10. The Issuer's operations and assets are located primarily in the Netherlands. Deterioration or long-term persistence of a difficult economic environment could have a negative effect on the Issuer's results of operations and financial position.

Most of the Issuer's operations and assets are located in the Netherlands. Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in the Netherlands, particularly those which impact the mortgage market, which has been negatively affected recently by falling real estate prices. In relation to exposures to the mortgage market please see the risk factor "*The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results*." below. Accordingly, deterioration or long-term persistence of the difficult economic environment in the Netherlands could have a negative effect on the Issuer's results of operations and financial position.

11. The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results.

The Issuer's businesses are subject to general credit and country risks, including credit risks of borrowers and other counterparties. Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers (under loans), the issuers whose securities the Issuer holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons. In view of the current global economic outlook, the Issuer may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors (such as the personal, banking and financial institution sectors) and in a number of geographies. This trend has led to and may continue to lead to further impairment charges, higher costs, additional write-downs and losses for the Issuer.

The financial and/or commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default, or threatened default by one institution could affect the banking system and lead to significant market-wide liquidity problems and financial losses at many financial institutions. It may even lead to further defaults of other financial institutions, which is referred to as "systemic risk". A systemic risk event may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, to which the Issuer is exposed.

The above factors may lead to material losses for the Issuer and may have an adverse effect on the Issuer's business, financial position, results of operations and prospects.

12. The Issuer may be subject to increases in allowances for loan losses.

The Issuer's banking businesses establish provisions for loan losses, which are reflected in the impairment charges on loans and other receivables provisions on the Issuer's income statement, in order to maintain the Issuer's allowance for loan losses at a level that is deemed to be appropriate by management based upon an assessment of prior loss experiences, the volume and type of lending being conducted by the Issuer, industry standards, past due loans, economic conditions and other factors related to the collectability of the Issuer's loan portfolio. Although management uses its best efforts to establish the allowances for loan losses, that determination is subject to significant judgment, and the Issuer may have to increase or decrease its allowances for loan losses in the future as a result of increases or decreases in non-performing assets or for other reasons. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on the Issuer's results of operations, profitability and financial position.

13. The Issuer depends on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, the Issuer may rely on information furnished to the Issuer by or on behalf of the customers and counterparties, including financial statements and other financial information. The Issuer also may rely on the audit report covering those financial statements. The Issuer's financial position and results of operations could be negatively affected by relying on information which turns out to be materially inaccurate, incomplete or misleading or on financial statements that do not comply with generally accepted accounting principles or that are materially misleading.

14. The Issuer is subject to operational risks that could adversely affect its business.

The Issuer is exposed to many types of operational risk, being the risk of loss resulting from inadequate or failed internal processes, and systems, or from external events. This includes the risk of fraud, cybercrime or other types of misconduct by employees or third parties, unauthorised transactions by employees and operational errors, including clerical or record-keeping errors or errors resulting from faulty computer or telecommunications systems. The Issuer may also be subject to disruptions of the Issuer's operating systems, arising from events that are wholly or partially beyond the Issuer's control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to losses in service to customers and to loss or liability to the Issuer. The Issuer is further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to the Issuer, and to the risk that their business continuity and data security systems prove to be inadequate. Also, the quality of data available to management may, at times, be insufficient or the data might not be available in a timely fashion. This may cause management to make improper decisions which in turn could influence the Issuer's results of operations or financial position adversely. Furthermore, the Issuer faces the risk that the design of the Issuer's controls and procedures prove to be inadequate or are circumvented. Although the Issuer has implemented risk controls and loss mitigation measures, and substantial resources are devoted to developing efficient procedures, to identify and rectify weaknesses in existing procedures and to train staff, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by the Issuer. Any weakness in these systems or controls, or any breaches or alleged breaches of applicable laws or regulations, could have a materially negative impact on the Issuer's business, reputation and results of operations.

15. The Issuer's risk management methods may leave the Issuer exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities (tail risk).

The Issuer uses various models, duration analysis, scenario analysis and sensitivity analysis as well as other risk assessment methods. Nonetheless, a chance always remains that the Issuer's risk management techniques and strategies may not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify or anticipate. Some of the Issuer's tools and metrics for managing risk are based upon the use of observed historical market behaviour. The Issuer applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures. The Issuer's losses, thus, could be significantly greater than the Issuer's measures would indicate. In addition, the Issuer's quantified modelling may not take all risks into account. The Issuer's more qualitative approaches to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in the Issuer's banking businesses.

16. The Issuer is subject to changes in financial reporting standards.

The Issuer is subject to changes in financial reporting standards, for example the proposed new International Financial Reporting Standard ("**IFRS**") 9 and revisions to International Accounting Standard ("**IAS**") 19.

IFRS 9 includes revised directions on classification and measurement of financial assets, impairment of financial assets and hedge accounting. The revisions to IAS 19 lead to the abolition of the corridor method for defined benefit pension plans, resulting in increased volatility in the financial position in "Other Comprehensive Income". See also the risk factor "*The Issuer has obligations under defined benefit pension plans which may lead to additional contributions from the Issuer.*" below.

These, and other possible changes to IFRS, could materially adversely affect the Issuer's results of operations and/or financial position. For further information, please refer to the Consolidated Annual Financial Statements.

The Issuer is unable to be more specific about the impact of these changes in financial reporting standards, including IFRS, because some of these proposals, such as IFRS 9, will affect the statement of financial position as a whole, instead of specific elements thereof. Also, the current proposals are still under discussion and amendments before finalisation of the proposed standards may materially change the impact on the financial statements, making it difficult to predict the outcome.

17. The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

The value of certain financial instruments, such as (i) financial instruments classified as 'held-for-trading' or "designated as at fair value through income", and (ii) financial assets classified as 'available-for-sale' recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate. Generally, to establish the fair value of these instruments, the Issuer relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data.

In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions. In such circumstances, the Issuer's internal valuation models require the Issuer to make assumptions, judgements and estimates to establish fair value. Given the nature of instruments, these internal valuation models are complex, and the assumptions, judgements and estimates the Issuer is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated in the face of changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and may have a material adverse effect on the Issuer's results of operations and financial position.

18. The Issuer has obligations under defined benefit pension plans which may lead to additional contributions from the Issuer.

The Issuer has in place several pension schemes for its employees, under which it has an obligation to pay contributions for the aggregate pension rights of participants in those pension schemes. Most participants have accrued rights under a defined benefit plan. The emergence of a material shortfall of the pension schemes in relation to the participants' rights may lead to additional contributions from the Issuer being required and could adversely affect the Issuer's financial position, results of operations and prospects.

19. The Issuer is subject to legal risk, which may have an adverse impact on the Issuer's business, financial position, results of operations and prospects.

In the ordinary course of business the Issuer is involved in a number of legal proceedings. The Issuer's business is subject to the risk of litigation by customers, borrowers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. It is inherently difficult to predict or quantify the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Issuer and its businesses. The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. See also the risk factor "*The Issuer is subject to* *reputational risk*." below. As a result, litigation may adversely affect the Issuer's business. See "*The Issuer—Legal and arbitration proceedings*".

In presenting the consolidated annual financial statements, management may make 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 and can be reasonably estimated. Changes in estimates may have an adverse effect on the Issuer's business, financial position, results of operations and prospects.

20. The Issuer is subject to reputational risk.

Reputational risk exists in many forms in all of the Issuer's activities. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements or codes of conduct by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, the quality and transparency of products sold to clients or the conduct of its employees. In addition the Issuer's reputation could also be harmed as a result of negative external publicity over which the Issuer has no or minimal control. These factors may adversely affect the Issuer's operating results, prospects and financial position.

21. The Issuer's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may adversely affect the Issuer's performance.

Employees are one of the Issuer's most important resources and competition for qualified employees is intense. In order to attract and retain qualified employees, the Issuer seeks to compensate such employees at market levels. Higher compensation costs or the inability to attract and retain qualified employees could materially adversely affect the Issuer's performance.

The financial industry has implemented new rules and regulations on remuneration policies such as included in the changes to the Capital Requirements Directives known as CRD III, which have been implemented by the Dutch Central Bank in the Remuneration Policy Decree (*Besluit beheerst beloningsbeleid Wft*), the Bonus Prohibition Act and the governance rules and guidelines as embedded in the "*Code Banken*". Furthermore, the financial industry may experience additional regulation of employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees in the future.

22. The 403 Declaration of ABN AMRO Group N.V. may provide limited economic benefit or recourse to investors.

The 403 Declaration constitutes a guarantee by ABN AMRO Group N.V. for, *inter alia*, debt securities issued by the Issuer. If the Issuer should default, creditors impacted by such default, including holders of the financial instruments issued by the Issuer, may claim against the Issuer and/or ABN AMRO Group N.V. as the guarantor.

However, since ABN AMRO Group N.V. is a holding company with no significant activities of its own, it would have to look at its operating subsidiaries to satisfy a claim brought against it by a holder of a financial instrument issued by the Issuer or any other creditor of the Issuer on the basis of the 403 Declaration. As ABN AMRO Group N.V.'s only direct subsidiary is the Issuer, a holder of a financial instrument issued by the Issuer must be aware that a claim under the 403 Declaration may not result in additional material recourse.

ABN AMRO Group N.V. may revoke the 403 Declaration at any time, including with retroactive effect subject to certain criteria.

23. The Issuer is subject to additional risk exposure as a consequence of the Legal Demerger, Legal Separation, EC Remedy and Legal Merger that could adversely affect its business.

The execution of the Legal Demerger, Legal Separation (including in relation to the EC Remedy) and Legal Merger have created risks for the Issuer's business and stability.

Following completion of a legal demerger, creditors only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of issued financial instruments. Under the Dutch Civil Code (*Burgerlijk Wetboek*), however, each of RBS N.V. and the Issuer remains liable to creditors for certain monetary obligations of the other that existed at the date of the Legal Demerger in the event that the other cannot meet such obligations. In each case, this liability relates only to obligations existing at the date of the Legal Demerger and is limited to the amount of equity acquired at the Legal Demerger.

At the date of the Legal Demerger, the obligations of RBS N.V. exceeded the equity of ABN AMRO Bank N.V. Therefore the contingent liability of ABN AMRO Bank N.V. to creditors of RBS N.V. is limited to the amount of equity acquired at the date of Legal Demerger.

The Issuer has made arrangements to mitigate the risks of liability to the creditors which transferred to RBS N.V. upon the Legal Demerger. RBS N.V. has also made arrangements to mitigate the risks of liability to the creditors that transferred from RBS N.V. to the Issuer. Both RBS N.V. and the Issuer hold the level of regulatory capital agreed upon with DNB for purposes of covering any residual risks. There is no assurance that the mitigating arrangements taken by the Issuer are sufficient to satisfy all claims of creditors transferred to RBS N.V. See "*The Issuer—History and recent developments—EC Remedy*".

On 7 August 2008, the EC Remedy part of ABN AMRO Bank N.V. was demerged to New HBU II N.V., giving rise to similar cross-liabilities as described. In the event that New HBU II N.V. fails to meet its obligations, ABN AMRO Bank N.V. remains liable to their creditors in respect of obligations that existed at the New HBU II N.V. demerger date. This liability is limited to the equity retained at the legal demerger date.

In addition, the Issuer is subject to several risks, including financial, liquidity, operational, legal, compliance, and reputational risk as a result of the Legal Demerger, Legal Separation and EC Remedy. Risks in connection with the Legal Demerger, Legal Separation and EC Remedy have been identified and managed from the start of these processes and risk tolerance levels have been set. However, risk exposure increases as a result of a demerger, separation or merger process and the Issuer may be exposed to large, unexpected events.

The above factors may have an impact on the execution of the Issuer's strategy and/or materially adversely affect the Issuer's results of operations, prospects and financial position.

24. Termination of Dutch State Ownership of the Issuer may result in increased perception of risk by investors, depositors and customers.

Until 29 September 2011, the Dutch State had direct control over ABN AMRO, however the Dutch State was not involved in the day-to-day management of ABN AMRO. On 29 September 2011, direct control was transferred to NL Financial Investments (the "**NFLI**"), see "*The Issuer—ABN AMRO Group N.V.—Shareholder, Group and Control*". In its letter of 24 January 2011, the Dutch State has announced that it does not expect to dispose of its stake in ABN AMRO Group N.V. any earlier than 2014. While it considers all strategic and financial options on the form of such disposal, the Dutch State favours an initial public offering. In the fall of 2012, the Dutch Minister of Finance has stated that the NLFI has been asked to deliver an update on the exit strategy of ABN AMRO. At the date hereof, that update has not yet been published.

The timing and the form in which any change in the ownership of the Issuer may take is uncertain and may result in increased perception of risk by investors, depositors and customers which could adversely affect the market price of the Issuer's securities and its business, financial position and results of operations.

25. The European Commission has imposed certain conditions on the Issuer that could adversely affect the Issuer's competitive position, its business and results of operations.

The European Commission has imposed certain conditions in order to approve the support package and restructuring plan for ABN AMRO Group N.V. that restrict the Issuer from conducting certain activities. Examples are a ban on acquisitions, price leadership conditions and other restrictions. See "*Operating and financial review—Key factors affecting results of operations—European Commission state aid investigation*".

Most measures are implemented for three years, starting from 5 April 2011. The restrictions imposed on acquisitions will be prolonged to a maximum of five years if after three years the Dutch State continues to hold more than 50% of the ordinary shares.

Any of these restrictions could have a negative impact on the Issuer's competitive position. Since the markets in which the Issuer operates are expected to remain highly competitive in all areas, these conditions could adversely affect the Issuer's market share, results of operations, prospects and financial position.

3. DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued on or prior to the date hereof shall be deemed to be incorporated in, and to form part of, this Registration Document. This Registration Document should be read and construed in conjuction with such documents:

(a) The articles of association of the Issuer;

(b) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2012 (the "**Consolidated Annual Financial Statements 2012**") (as set out on pages 217 to 223 in relation to the financial statements 2012, including the notes to the financial statements as set out on pages 224 to 335, pages 128 to 185 (certain information in Chapter 17 (*Risk management*)), pages 186 to 195 (certain information in Chapter 18 (*Capital management*)), pages 196 to 208 (certain information in Chapter 19 (*Liquidity & funding*)), pages 209 to 214 (certain information in Chapter 20 (*Securitisation*)) and the auditors' report thereon on pages 339 and 340, all as included in ABN AMRO Group N.V.'s Annual Report 2012);

(c) Chapter 10 (*Strategy*) on pages 54 to 59, Chapter 16 (*Introduction to risk & capital management*) on pages 126 and 127, Chapter 24 (*Definitions of important terms*) on pages 349 to 354, Chapter 25 (*Abbreviations*) on pages 355 to 357 and Chapter 26 (*Cautionary statement on forward looking statements*) on pages 358 and 359 of ABN AMRO Group N.V.'s Annual Report 2012;

(d) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (the "**Consolidated Annual Financial Statements 2011**") (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated annual financial statements as set out on pages 156 to 269, pages 76 to 109 (certain information in Chapter 8 (*Risk management*)), pages 110 to 117 (certain information in Chapter 9 (*Capital Management*)), pages 118 to 131 (certain information in Chapter 10 (*Liquidity and funding*)) and the auditors' report thereon on pages 273 and 274, all as included in ABN AMRO Group N.V.'s Annual Report 2011);

(e) Chapter 20 (*Definitions of important terms*) on pages 288 to 291, Chapter 21 (*Abbreviations*) on pages 292 and 293 and the Section "*Notes to the reader*" in the inside cover of ABN AMRO Group N.V.'s Annual Report 2011;

(f) the Issuer's publicly available unaudited abbreviated financial statements 2012 for the financial year ended 31 December 2012 prepared on the basis of article 2:403 of the Dutch Civil Code(*Burgerlijk Wetboek*);

(g) the Issuer's publicly available unaudited abbreviated financial statements 2011 for the financial year ended 31 December 2011 prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*); and

(h) the press release titled "*ABN AMRO reports net profit of EUR 415 million for first quarter of 2013*" dated 17 May 2013. The information set out therein is unaudited,

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information or other document themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by refence in this Registration Document shall not form part of this Registration Document, except where such information or other documents are specifically incorporated by reference into this Registration Document.

Any information contained in any of the documents specified above which is not incorporated by reference in this Registration Document is either not relevant to investors or is covered elsewhere in this Registration Document.

The documents incorporated by reference herein are available at http://www.abnamro.com/investorrelations. The other information included on or linked to through this website or in any website referred to in any document incorporated by reference into this Base Prospectus is not a part of this Base Prospectus.

All references in this Registration Document to websites, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Registration Document are, unless the Issuer expressly states otherwise, intended to be inactive textual references for information only as at the date of this Registration Document, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Registration Document, as applicable. Any information contained in or accessible through any website, including http://www.abnamro.com/investorrelations, does not form a part of this Registration Document, unless specifically stated in this Registration Document, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Registration Document that all or any portion of such information is incorporated by reference in this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer (at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands, by telephone: +31 20 6282282 or by e-mail: investorrelations@nl.abnamro.com).

4. DEFINITIONS OF IMPORTANT TERMS

In this Registration Document, unless the context otherwise requires:

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

"**ABN AMRO Bank**" or the "**Issuer**" refers to ABN AMRO Bank N.V. incorporated on 9 April 2009 (formerly known as "**ABN AMRO II N.V.**").

"**ABN AMRO Bank Standalone**" refers to ABN AMRO Bank N.V. in the period between the Legal Demerger on 6 February 2010 and the Legal Merger on 1 July 2010, which contained the Dutch State-acquired businesses of the ABN AMRO Holding.

"**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.

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

"**BNP Paribas Fortis**" refers to Fortis Bank SA/NV, a consolidated subsidiary of BNP Paribas Group.

"**Consolidated Annual Financial Statements 2011**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated annual financial statements as set out on pages 156 to 269, pages 76 to 109 (certain information in Chapter 8 (Risk management)), pages 110 to 117 (certain information in Chapter 9 (Capital Management)), pages 118 to 131 (certain information in Chapter 10 (Liquidity and funding)) and the auditors' report thereon on pages 273 and 274, all as included in ABN AMRO Group N.V.'s Annual Report 2011).

"**Consolidated Annual Financial Statements 2012**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2012 (as set out on pages 217 to 223 in relation to the financial statements 2012, including the notes to the financial statements as set out on pages 224 to 335, pages 128 to 185 (certain information in Chapter 17 (Risk management)), pages 186 to 195 (certain information in Chapter 18 (Capital management)), pages 196 to 208 (certain information in Chapter 19 (Liquidity & funding)), pages 209 to 214 (certain information in Chapter 20 (Securitisation)) and the auditors' report thereon on pages 339 and 340, all as included in ABN AMRO Group N.V.'s Annual Report 2012).

"**Consortium**" refers to The Royal Bank of Scotland Group plc, Ageas and Banco Santander S.A. which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ("**RFS Holdings**").

"**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**" refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger.

"**EC Remedy Businesses**" refers to New HBU II N.V. ("**HBU II**") and IFN Finance BV ("**IFN Finance**").

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

"**Former ABN AMRO Group**" refers to the former group of ABN AMRO headed by ABN AMRO Holding N.V. as acquired on 17 October 2007 by a consortium of banks through RFS Holdings B.V.

"**Former Fortis group**" refers to the former group of companies headed by Fortis SA/NV (renamed "**ageas SA/NV**") and Fortis N.V. (renamed "**ageas N.V.**").

"**Legal Demerger**" refers to 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 formerly held by RBS N.V. into ABN AMRO Bank Standalone.

"**Legal Merger**" refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN. ABN AMRO Bank Standalone was the surviving entity and FBN was the disappearing entity.

"**Legal Separation**" refers to the transfer on 1 April 2010 of the shares of ABN AMRO Bank Standalone from ABN AMRO Holding to ABN AMRO Group N.V.

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

5. THE ISSUER

1. ABN AMRO BANK N.V.

ABN AMRO is a full-service bank, supporting retail, private banking, commercial and merchant banking clients in the Netherlands and selectively abroad. ABN AMRO is also internationally active in a number of specialised activities such as Energy, Commodities & Transportation (ETC) and Clearing, private banking and asset based lending in a select number of countries.

In 2012, ABN AMRO generated reported net profit of EUR 948 million (2011: reported net profit of EUR 689 million), had a reported cost/income ratio of 68% (2011: 69% reported), assets under management of EUR 163.1 billion (as at 31 December 2011: EUR 146.6 billion), total assets of EUR 394.4 billion (as at 31 December 2011: EUR 404.7 billion), risk weighted assets of EUR 121.5 billion (as at 31 December 2011: EUR 118.3 billion) and a tier 1 ratio of 12.9% (as at 31 December 2011: 13.0%).

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 FBN from the Former Fortis group and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the results of operations of ABN AMRO have been adjusted for these items where indicated. Reconciliation of the reported and underlying results is presented where relevant.

In 2012, ABN AMRO generated underlying net profit of EUR 1,285 million (2011: underlying net profit of EUR 960 million) and had a underlying cost/income ratio of 61% which includes the new bank tax (2011: 64% underlying).

1.1 History and recent developments

The formation of ABN AMRO is the result of various legal and operational separation and integration activities arising from the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007. In October 2008, the Dutch State-acquired Fortis Bank Nederland (Holding) N.V. ("**FBN**"). In December 2008, the Dutch State directly acquired FBN's interest in RFS Holdings B.V. This interest comprised Dutch commercial clients (small and medium enterprises ("**SMEs**") and corporates), Dutch consumer clients and Dutch and international private clients (including the international diamonds and jewellery business) of the Former ABN AMRO Group.

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank was formally separated from the Former ABN AMRO Group and transferred to ABN AMRO Group N.V. by 1 April 2010. Effective 1 July 2010, FBN and ABN AMRO Bank merged to form the new ABN AMRO Bank N.V., a wholly-owned subsidiary of ABN AMRO Group N.V.

ABN AMRO's goal is to bring its cost/income ratio between 56 and 60% by 2017, including the additional costs of new regulations, government measures and taxation.

EC Remedy

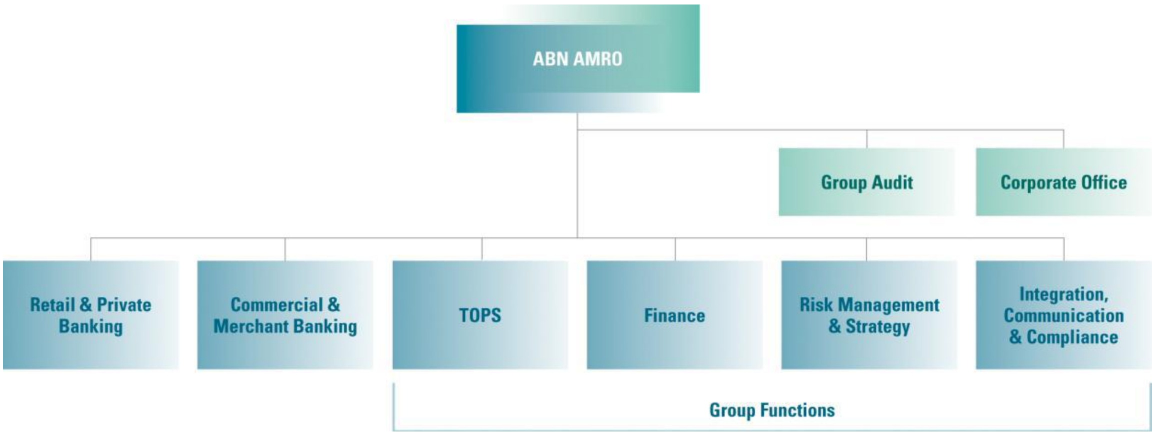
On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the Dutch State-acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalised in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction (the "**Credit Umbrella**") and a cross-liability with NEW HBU II N.V. In 2012, the liability positions related to the Credit Umbrella were settled.

State ownership and the role of NLFI

The Dutch State announced that, in relation to ABN AMRO, the exit of its ownership is not expected before 2014. The Dutch State keeps all options open for a return to the private market for ABN AMRO, but has indicated it favours an Initial Public Offering ("**IPO**"). In the fall of 2012, the Dutch Minister of Finance has stated that the NFLI has been asked to deliver an update on the exit strategy of ABN AMRO. As of the date hereof, that update has not yet been published. As of the date of this Registration Document, NL Financial Investments ("**NLFI**") is the sole shareholder of ABN AMRO.

1.2 Business description

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.

1.3 Retail & Private Banking

R&PB consists of the business lines Retail Banking, Private Banking Netherlands and Private Banking International, each of which serves a different client base with a tailored business proposition.

Retail Banking

Business scope and clients

Retail Banking offers Mass Retail and Preferred Banking[1] clients a wide variety of banking, loan and insurance products and services through the branch network, online, via Advice & Service centres, via intermediaries and through subsidiaries. The majority of the loan portfolio of Retail Banking consists of residential mortgages.

Main subsidiaries

The following subsidiaries[2] of ABN AMRO Bank relate to Retail Banking:

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

[2] Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

ABN AMRO Hypotheken Groep

ABN AMRO Hypotheken Groep B.V. ("**AAHG**") together with its subsidiaries is the supplier of virtually all residential mortgage products of ABN AMRO.

Direktbank

Direktbank N.V. ("**Direktbank**") is a subsidiary of AAHG and sells mortgages and service products and works exclusively with independent mortgage advisors.

MoneYou

MoneYou B.V. ("**MoneYou**") operates as an internet bank offering savings accounts to consumers and commercial clients and residential mortgages and consumer lending in the Netherlands and Germany.

Alfam

Alfam Holding N.V. ("**Alfam**") is ABN AMRO's competence centre for consumer finance. Alfam sells consumer loans via intermediaries under four different labels: Alpha Credit Nederland, Credivance, Defam and Green Loans.

International Card Services

International Card Services B.V. ("**ICS**") is ABN AMRO's credit card specialist. ICS issues, promotes, manages and processes credit card transactions and offers other financial services, such as revolving credit facilities.

ABN AMRO Verzekeringen

Delta Lloyd ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") is a joint venture with Delta Lloyd in which ABN AMRO holds a 49% stake. ABN AMRO Verzekeringen offers life and non-life insurance products to consumers and commercial clients under the ABN AMRO brand. ABN AMRO acts as an intermediary for ABN AMRO Verzekeringen by selling and providing advice on a comprehensive range of life and non-life insurance products, for which ABN AMRO receives commission payments.

Private Banking

Business scope and clients

Private Banking provides total solutions to its clients' global wealth management needs and offers an array of products and services designed to address their individual situation. 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 International Diamond & Jewelry Group, a leading provider of global financial services to the diamond and jewellery industry, is part of Private Banking International.

ABN AMRO offers private banking services to clients with freely investable assets exceeding EUR 1 million (or USD 1 million in Asia). Client service teams offer different service models according to client wealth bands:

- **High Net Worth Individuals** ("**HNW**") with Assets under Management ("**AuM**") in excess of EUR 1 million (Private Banking);
- **Ultra High Net Worth Individuals** ("**UHNW**") with AuM in excess of EUR 25 million (Private Wealth Management).

Within these two main client groups, ABN AMRO offers a comprehensive set of tailored services to suit the particular needs of specific client segments, such as:

- **Family money** provides specific services tailored to the needs of families, including wealth transfer to the next generation;

- **Entrepreneurs and their enterprises** advises entrepreneurs and family businesses, where business and personal needs are often interlinked;

- **Charities and Institutions** offers dedicated expertise to foundations and charitable organisations.

Focus and commitment

Based on its strategic decision to focus on selective growth in the eurozone and in Asia, ABN AMRO divested its private banking activities in Switzerland in 2011. In the rapidly changing and consolidating Swiss private banking market, transferring the operations to a leading Swiss private bank was in the best interests of both clients and staff.

In Germany, ABN AMRO acquired LGT Deutschland into its subsidiary Bethmann Bank, which is in alignment with the bank's strategy, brings new clients, assets and capabilities, and secured Bethmann Bank's top-five position in the important German private banking market.[3]

In France, Banque Neuflize OBC offers a private banking model based on an integrated approach to private and commercial wealth articulated around a dedicated advisory and products offer. Banque Neuflize OBC and its subsidiaries cover a range of activities including traditional banking services, asset management and discretionary portfolio management (through Neuflize OBC Investissements, Neuflize Private Assets, its leading asset managers), life insurance (with Neuflize Vie) and advisory services: estate planning, financial engineering, corporate finance, art advisory and real estate.

In the Netherlands, the Institutions & Charities dedicated client teams address the specific needs of fundraising, religious, public and institutional clients.

Private Banking is also expanding its business in Asia, building client service teams by recruiting private bankers, investment advisors and other key specialists to enhance its relationship management-focused offering.

International Diamond & Jewelry Group

International Diamond & Jewelry Group ("**ID&JG**") is an important global player in the financing of the diamond and jewelry industry, offering financial services to internationally active businesses. Its position is underpinned by a footprint in eight key diamond centres, innovative global trade services and financing solutions such as lending and trade finance-based products. As a founding member of the Responsible Jewellery Council, ABN AMRO aims to promote the highest standards in the diamond industry.

Main subsidiaries

The following subsidiaries[4] of ABN AMRO Bank relate to Private Banking:

Banque Neuflize OBC

Banque Neuflize OBC S.A. ("**Banque Neuflize OBC**") is 99.9% owned by ABN AMRO Bank N.V. It operates 11 branches in main French cities. Banque Neuflize OBC provides an integrated approach to private and commercial wealth while also offering specialist services such as art advisory.

Neuflize Vie

Neuflize Vie S.A. ("**Neuflize Vie**") is a joint venture between Banque Neuflize OBC (60%) and AXA (40%). Neuflize Vie is a life insurance company and was created to offer life insurance products for (ultra) high net worth individuals and has developed customised solutions with a focus on unit-linked contracts.

[3] Manager Magazine 06/2011. Data source: investor marketing 2010; 1) Independently owned private banks.

[4] Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

Bethmann

Bethmann Bank AG ("**Bethmann**"), a wholly-owned subsidiary of ABN AMRO Bank, enjoys a strong local heritage and brand recognition in the German market. Bethmann has 10 branches covering all major regions of Germany, Bethmann offers Private Banking and Private Wealth Management related services.

1.4 Commercial & Merchant Banking

Business scope and clients

For small businesses up to large corporate companies, C&MB offers a comprehensive range of products, in-depth sector knowledge and customised financial advice.

C&MB offers a comprehensive product range and services to commercial clients in the Netherlands and surrounding countries – Germany, Belgium, France and the United Kingdom – as more than 80% of the bank's commercial clients conduct their international business in these countries. C&MB serves Dutch-based corporates with international activities, offering a one-stop shop for all financial solutions and tailor-made services. Clients have access to the bank's international network including the ten largest financial and logistics hubs in the world, including New York, São Paulo, London, Frankfurt, Singapore and Hong Kong. Internationally, C&MB offers selected specialised activities where it holds or can achieve a leading position: Energy, Commodities & Transportation ("**ECT**") and ABN AMRO Clearing Bank N.V. globally, and Lease and Commercial Finance in selected markets. For financial reporting purposes, C&MB is organised into Commercial Banking and Merchant Banking.

Commercial Banking

Commercial Banking serves commercial clients with annual turnover up to EUR 500 million and clients in the public sector, commercial finance and leasing. To address the international business needs of its clients, the Commercial Banking International network offers a broad range of products and services by having a local presence in selected areas and globally through partner bank agreements. Commercial Banking has set up agreements with partner banks to offer services to clients in countries where ABN AMRO is not present. Commercial Banking consists of two business lines: Business Banking and Corporate Clients.

Business Banking

Business Banking offers small and medium-sized businesses with a turnover of up to EUR 30 million a comprehensive range of standard and customised products through the service models YourBusiness Banking and Relationship Management.

The YourBusiness Banking service model allows small businesses to conduct their banking affairs through the channel of their choice: online, by telephone with an advisor, or face-to-face with a YourBusiness Banking specialist.

Medium-sized businesses are assigned a dedicated relationship manager who advises on financial matters based on in-depth knowledge of the client's business and market and is supported by specialists who offer advice on insurance, payments, acquisition finance and treasury.

All Business Banking clients have access to products and expertise available in other C&MB business lines, such as trade, lease and commercial finance.

Corporate Clients

Corporate Clients serves Netherlands-based companies with an annual turnover of between EUR 30 and 500 million as well as clients in the public sector. ABN AMRO Lease, ABN AMRO Commercial Finance and Commercial Banking International are part of Corporate Clients and provide solutions to clients in all C&MB segments.

Clients are served from five regions in the Netherlands, each providing a full range of services and offering in-depth expertise in key sectors of the Dutch economy. Each client is assigned a dedicated client team, consisting of a relationship manager and a shared team of specialists in various product areas such as cash management, trade and credits. Clients also have access to a dedicated support unit for their day-to-day banking affairs.

Corporate Clients has cultivated a solid market position in the Dutch corporate client segment and is actively pursuing its long-term commercial objectives, as evidenced by the high number of deals and strong growth in client satisfaction (according to an independent study by TNS NIPO).

Clients have access to Merchant Banking products and advice, such as M&A and capital structure advisory services.

Main subsidiaries

The following subsidiaries[5] of ABN AMRO Bank relate to Commercial Banking:

ABN AMRO Lease

ABN AMRO Lease N.V. ("**ABN AMRO Lease**") delivers asset-based solutions (equipment lease and finance) to SMEs, a broad range of national and international operating corporates and the public sector. ABN AMRO Lease provides lease finance for their customers (vendor finance) to manufacturers of equipment. ABN AMRO Lease is active in the Netherlands, Belgium, Germany and the United Kingdom with dedicated sales teams operating in close cooperation with the C&MB clients segments, Commercial Banking International and ABN AMRO Commercial Finance.

ABN AMRO Commercial Finance

With reference to capital (liquidity and solvency) requirements, ABN AMRO Commercial Finance B.V. ("**AACF**") offers bridging credits on debtors and inventory. AACF also provides finance loans up to 90% of the debtors' and 50% to 70% of the manufacturers' products. Its present client portfolio comprises a wide range of clients. AACF is active in the Netherlands, France, Germany and the United Kingdom.

ABN AMRO Groenbank

ABN AMRO Groenbank B.V. ("**ABN AMRO Groenbank**") finances sustainable projects based on the fiscal green scheme provided for in the Dutch tax system. ABN AMRO Groenbank takes savings deposits and investment cash from Retail & Private Banking clients and makes this capital available to businesses that invest in sustainable projects in the Netherlands. Financing of sustainable projects has been put on hold following recent changes to the Dutch fiscal green scheme; however, ABN AMRO Groenbank continues to attract funds.

Merchant Banking

Business scope and clients

Merchant Banking serves Netherlands-based corporates, financial institutions and real estate investors and developers as well as international companies active in ECT. Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking ("**LC&MB**") and Markets. LC&MB offers a full array of banking products and services, including Cash & Liquidity Management, Debt Solutions and Corporate Finance & Capital Markets. Markets serves the bank's entire client base and has two global businesses: Securities Financing and Clearing.

Large Corporates & Merchant Banking

LC&MB offers a full range of financial services to Netherlands-based corporates, financial institutions and real estate investors and developers as well as international companies active in ECT. LC&MB services can be made available to C&MB clients and include:

- Debt solutions: syndicated bank loans, acquisition & leveraged finance, export & project finance, debt capital market products and capital structuring & advisory;
- Cash management and working capital services;

[5] Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

- M&A advice and equity capital market solutions;
- Private equity financing: majority and substantial minority shareholder stakes.

Large Corporates & Sector Origination

Corporates based in the Netherlands with a turnover exceeding EUR 500 million are offered strategic relationship management by sector coverage teams supported by product teams and credit specialists.

Financial Institutions

The Financial Institutions team offers strategic relationship management and a full specialised product range to domestic and international banks, pension funds, asset managers and insurance companies. The team maintains a sizeable network of relations with foreign banks in delivering correspondent banking and trade finance facilities.

Real Estate Finance

The Real Estate Finance team serves professional real estate clients based in the Netherlands (both investors and developers), providing a full range of financial solutions including corporate lending, asset-backed investment and development finance as well as several advisory services.

Energy, Commodities & Transportation

ECT clients are international mid-sized to large corporates active in energy (oil and gas industry and offshore services), commodities (trading companies active in energy, agricultural and metals commodities) and transportation (shipping and intermodal). ECT has an established presence in 11 locations around the world, in the three main time zones: Asia, Europe and the Americas.

Private Equity

ABN AMRO provides equity financing (both majority and substantial minority shareholder stakes) to Dutch-based profitable mid-market parties with solid market positions, clear growth potential (autonomously or by means of acquisitions) and actively involved and committed management teams that are prepared to co-invest.

Markets

Markets is divided into three business lines: Trading, Sales and ABN AMRO Clearing. Markets serves a broad client base, ranging from corporate and financial institutions to retail and private banking clients. This business line offers specialised Foreign Exchange, Interest Rates, Commodities, Equities, Equity Derivatives and Securities Financing products. Markets also offers clients online services via ABN AMRO I-Markets.

In the Netherlands, Markets has sales and trading activities in Amsterdam and Commercial Banking sales desks in four other locations throughout the country. Outside the Netherlands, its main sales and trading activities are based in Frankfurt, Hong Kong, London and New York. Markets has two niches with a global presence: Securities Financing and ABN AMRO Clearing.

Securities Financing

ABN AMRO is a large player in the Dutch securities borrowing and lending market – the only Dutch bank offering a complete product range. Securities lending is the market activity whereby securities are temporarily transferred from a lender to a borrower, with the commitment to re-deliver the securities in the future.

The Securities Financing team offers tailor-made solutions to financial institutions such as pension funds, asset managers, insurance companies, banks and clearing institutions. Securities Financing has a global presence, with offices in Amsterdam, London, Frankfurt, New York and Hong Kong, and consists of a Global Sales team and three trading units: Bond Financing, Equity Financing and Collateral Financing.

Main subsidiaries

The following subsidiaries[6] of ABN AMRO Bank are related to Merchant Banking:

ABN AMRO Clearing

ABN AMRO Clearing Bank N.V. ("**ABN AMRO Clearing**") is a global player in derivatives and equity clearing and is one of the few players currently offering global market access and clearing services on more than 85 of the world's leading exchanges.

ABN AMRO Clearing operates from several locations across the globe and offers an integrated package of direct market access, clearing and custody services covering, options, equity, commodities, energy and fixed income. ABN AMRO Clearing's operations are carried out via ABN AMRO Clearing, which has a banking licence and is regulated and supervised by DNB.

Maas Capital Investments

Maas Capital Investment B.V. ("**MCI**"), part of ABN AMRO's ECT business, is a financier for the shipping sector. MCI does this through financial lease constructions or by a (minority) shareholder interest.

1.5 Group Functions

Group Functions supports ABN AMRO's businesses by delivering services in the areas of audit, corporate governance, finance, risk, human resources, legal, compliance, communication, change management, technology, operations, property management, sustainability, and housing. Group Functions is organised into four areas, each of them headed by a Managing Board member: Technology, Operations & Property Services ("**TOPS**"), Finance ("**Finance**"), Risk Management & Strategy ("**RM&S**"), and Integration, Communication & Compliance ("**ICC**"). Group Audit reports directly to the Chairman of the Managing Board and the Chairman of the Audit Committee. The Company Secretary holds an independent position under joint supervision of the Chairman of both the Managing Board and the Supervisory Board.

Technology, Operations & Property Services

TOPS supports the business by providing services in the areas of IT (software and hardware), project management, operations and property management and office space. TOPS also coordinates the integration activities of ABN AMRO of which the remaining client migrations were finalised in 2012.

Finance

Finance is the primary supplier of management and reporting information to ABN AMRO's businesses and to external stakeholders. Finance plays an independent role in delivering management information and challenging business decisions. It provides a financial control environment and ensures compliance with accounting standards and requirements set by the regulatory authorities. Finance includes ALM/Treasury ("**ALM/T**"), which also has a reporting line to RM&S (as defined below). ALM/T is responsible for managing the level of capital, interest rate risk and liquidity (banking book) available to the Issuer as well as the treasury function.

Risk Management & Strategy

RM&S aims to ensure that ABN AMRO's moderate risk profile is translated into the "three lines of defence" risk management model. RM&S combines Risk Management, Group Economics, and Strategy (including Corporate Development and Investor Relations) and is closely aligned with ALM/T to ensure that ABN AMRO's risk appetite is in line with the bank's corporate strategy and capital position, taking into consideration the economic outlook.

[6] Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

Integration, Communication & Compliance

ICC's primary responsibility is to help ABN AMRO's businesses put their clients centre stage. ICC consists of Change & Integration, Communications & Sustainability, Compliance, Human Resources, and Legal.

1.6 Regulation

Regulation and supervision in the EU

The EU is working on a broad range of measures aimed at bringing more stability and transparency to the European financial sector. Among them are the banking union, the European Market Infrastructure Regulation, a revised directive and regulation on Markets in Financial Instruments, a Bank Recovery and Resolution Directive and a renewed Deposit Guarantee Scheme Directive.

These proposals are being introduced by local governments as well as supranational authorities such as the European Commission. The volume of these changes and the severity of their impact will likely have a material impact on all financial institutions and especially on banks. ABN AMRO will need to allocate a significant amount of resources to prepare for these changes. Certain proposals will potentially have an effect on its operations and financial position. Proposals such as the Dutch Bank tax or the new Basel III framework are expected to lead to significant additional costs which will likely be reflected in the costs of products and services offered to clients.

Solvency supervision

ABN AMRO is subject to an evolving regulatory landscape with respect to the supervision of its solvency and capital adequacy.

Capital adequacy framework (Basel)

In 2004, the Basel Committee on Banking Supervision (the "**Basel Committee**") endorsed the publication of the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework", commonly referred to as Basel II. The Capital Requirements Directive, representing the translation of Basel II to EU legislation and replacing the Capital Adequacy Directive, was approved by the European Parliament in 2005. This acceptance by the European Parliament cleared the way for the implementation of the Capital Requirements Directive in Europe, with a published compliance date of 1 January 2008. The process of implementing Basel II into Dutch legislation (through the Financial Supervision Act, *Wet op het financieel toezicht*, "**Wft**") and regulation was completed in December 2006, when DNB published its supervisory rules.

Basel II provides for three approaches of increasing sophistication for the calculation of credit risk capital: the Standardised Approach; the Internal Ratings Based Foundation Approach; and the Advanced Internal Ratings Based Approach. Basel II also introduced capital requirements for operational risk for the first time.

Basel II is structured around three "pillars":

- Pillar 1 sets out minimum regulatory capital requirements, namely the minimum amount of capital banks must hold against credit, operational and market risks.
- Pillar 2 sets out the key principles for supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. It also sets out specific oversight responsibilities for the board and senior management, thus reinforcing principles of internal control and other corporate governance practices. Pillar 2 requires each institution to conduct an internal capital adequacy assessment process ("**ICAAP**").
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

ABN AMRO *transitional agreement and current compliance with the Basel II capital adequacy framework*

Basel II Pillar 1

The Pillar 1 capital requirement is the absolute minimum amount of capital required of a bank to cover the three major risk types that a bank faces: credit risk, operational risk and market risk as determined in the Basel II, Pillar 1 framework.

For credit risk the Advanced Internal Ratings-Based ("**AIRB**") method is used for large SME, retail and most of the specialised lending portfolios except for a small real estate portfolio for which the slotting criteria approach is used. Foundation Internal Ratings-Based ("**FIRB**") approach is used for sovereign portfolio and the Standardised Approach ("**SA**") is used for financial institutions, commercial real estate and large corporates. These portfolios are expected to migrate to AIRB in 2013.

At present, ABN AMRO uses the SA for market risk, except for the equity portfolio and some smaller portfolios, which are reported under the Internal Models Approach ("**IMA**"). The bank intends to implement the IMA for calculating market risk capital in the future.

ABN AMRO uses the SA for operational risk as an intermediate step and is preparing the roll-out of the Advanced Measurement Approach framework.

Basel II Pillar 2

ABN AMRO's capital requirement under Pillar 2 is based on internal models for economic capital and the view of the regulator, as expressed in the ICAAP and Supervisory Review and Evaluation Process ("**SREP**"). The economic capital models were integrated in 2011 to ensure suitability for the merged bank. Economic capital requirements are monitored monthly and reported in quarterly Capital Adequacy Assessments Reports and in the yearly ICAAP statement. ABN AMRO also delivers an Internal Liquidity Adequacy Assessment Process ("**ILAAP**") report to the regulator on an annual basis.

In addition to regulatory capital, ABN AMRO also calculates economic capital ("**EC**") and uses it as the key metric for internal risk measurement and management. EC is the amount of capital ABN AMRO needs to hold to achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions. Economic capital is used for risk aggregation to determine the required capital, for capital allocation, ex-post performance measurement (RARORAC) and risk appetite setting, for example industry concentration risk limits. EC figures are also used at the transactional level in loan pricing tools. These tools serve as a decision-making mechanism for assessing the attractiveness of a new transaction, in terms of risk-adjusted return on capital. EC is based on internal assessments and requirements. For the calculation of economic capital, ABN AMRO has internal models. With these models EC is calculated on a 99.95% confidence level and a one-year time horizon.

Stress testing is an important management instrument used by ABN AMRO. The main objective of stress testing is to ensure that ABN AMRO operates within its moderate risk appetite, to increase risk awareness throughout the bank and to safeguard business continuity by means of proactive management and the review of potential future scenarios. The bank applies stress testing on a regular basis to assess the effect of potential plausible but unlikely events and developments on the bank. These events may be systemic (e.g. multi-year macro-economic stress) or ABN AMRO-specific. Bank-wide stress testing, as applied by ABN AMRO, takes into account all material risks the entire bank is exposed to. The following types of stress tests are executed:

- sensitivity analysis to identify the sensitivity between specific risk drivers and ABN AMRO's financials;
- scenario analysis to gain insight into potential scenarios that are considered relevant;
- reverse stress testing to gain insight into events that would break ABN AMRO's minimum capital and liquidity ratios, results of which are used in contingency planning.

ABN AMRO Group Risk Committee is extensively involved in bank-wide stress testing. The Group Risk Committee discusses and decides on scenario development, impact determination and management actions. As part of the overall risk management framework, ABN AMRO performs internal stress tests to assess the capital and liquidity adequacy based on internally developed stress testing scenarios and identified risk factors. In the stress scenario, it has been assumed that the economy is hit by several shocks simultaneously. The scenario variables include, amongst others, GDP, unemployment rate, property prices, interest rates, inflation and equity prices.

Based on the fourth quarter 2012 stress testing results, ABN AMRO expects to sustain its bank-wide scenario without taking additional action. The results have been incorporated into capital planning. Besides bank-wide stress testing, ABN AMRO performs stress testing by focusing on specific portfolios or business lines. Furthermore, ABN AMRO participates in ad hoc stress test exercises as requested by regulatory bodies, such as DNB and EBA.

Basel II Pillar 3

In 2012, ABN AMRO integrated the Pillar 3 report in its Annual Report.

New Basel regulation

The bank has implemented CRD III (the EU implementation of Basel 2.5). The impact on capital has been limited as the bank currently applies the SA to the large majority of market risk.

CRD IV (the EU implementation of Basel III) is expected to cause a rise in Risk-Weighted Assets ("**RWA**"), mainly due to an increase in the capital requirement for the treatment of mark-to-market counterparty risk losses through the Credit Value Adjustment ("**CVA**") capital charge.

CRD

The Capital Requirements Directives ("**CRD**") came into force on 1 January 2007 and was introduced as a supervisory framework in the EU, designed to ensure the financial soundness of credit institutions. The Directive reflects the Basel II rules on capital measurement and capital standards.

In response to the global crisis, the Basel Committee on Banking Supervision has implemented a number of changes to the Basel II framework. These changes are implemented in the EU through modifications to the CRD.

CRD II

The first modifying directive, CRD II, was adopted in 2009, and the changes became effective in the Netherlands in December 2010. CRD II included changes regarding the classification of hybrid capital instruments, the introduction of a retention requirement for own securitisations, new requirements for liquidity risk management, and technical changes of the credit risk requirement.

CRD III

The second modifying directive, CRD III, was adopted by the EU on 14 December 2010. CRD III includes changes to remuneration rules, increased capital requirements for the trading book, increased capital requirements for re-securitisation (securitisations that have underlying securitisation positions), enhanced disclosure of securitisation exposures and other technical amendments.

Basel III/CRD IV

As a financial company, certain reform proposals under consideration, including the proposals of the Basel Committee as set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are to be implemented in the EU through the Capital Requirements Directives and Capital Requirements Regulation known as "**CRD IV**", will, *inter alia*, result in the Issuer becoming subject to stricter capital requirements and may also affect the scope, coverage, or calculation of capital, all of which could require the Issuer to reduce business levels or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company.

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio.

CRD IV will replace its predecessor capital requirements directives (CRD I, II and III). ABN AMRO is currently preparing for the introduction and adoption of these proposals, which was initially scheduled for 1 January 2013. In December 2012, the European Parliament postponed the introduction. The current expectation is that proposals will become effective as of 1 January 2014. There can be no assurance, however, that prior to the proposed implementation of the Basel III Final Recommendations from 1 January 2014, the Basel Committee will not amend or supplement the Basel III Final Recommendations. Further, the EU and/or authorities in the Netherlands may implement the Basel III Final Recommendations in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

The Basel Committee is conducting further work on systemically important financial institutions and contingent capital in close coordination with the Financial Stability Board. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issues of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank were to become non-viable. The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralised manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

MiFID II

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") came into force. MiFID regulates the provision of investment services and investment activities and replaced the Investment Services Directive 1993/22/EEC, which established the single European passport for investment firms. MiFID provides a harmonised regime for investment services and investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonizes conduct of business rules, including best execution, conflict of interest, customer order handling rules and rules on inducements. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for, *inter alia,* equities.

On 20 October 2011, the EU has published proposals for a revised directive on markets in financial instruments and for a regulation on markets in financial instruments ("**MiFID II**"). MiFID II is aimed at strengthening investor protection within the EU. This is done by the introduction of a new set of rules to increase market transparency and is expected to change the way certain instruments, such as bonds, commodities, derivatives and structured finance instruments, are traded. In particular, MiFID II is expected to subject many debt instruments to new transparency rules, and to subject derivatives to various new requirements, including an obligation on certain counterparties to trade derivatives through specific trading venues. At this stage, both the European Parliament and Council are in the process of finalising their own compromise text of MiFID II. Final implementation is expected to take place in 2015. MiFID II also introduces a new type of regulated trading venue, the so-called Organised Trading Facility, in addition to the existing categories of regulated markets and multi-lateral trading facilities. Furthermore, the proposals include a partial ban on granting and receiving inducements for certain investment services. This is in addition to the general ban on referral fees (see below under "*Ban on referral fees and bonuses*"). In anticipation of these proposals, the Issuer has entered into an undertaking with the AFM whereby ABN AMRO in principle agrees that distribution fees from investment managers are no longer payable to the bank for the sale of investment funds to its clients. The undertaking will come into force on 1 January 2014.

PSD

In November 2007, the Payment Services Directive 2007/64/EC ("**PSD**") was formally adopted. The PSD aims to open up payment services to competition from newly licensed payments institutions and to increase consumer protection by introducing information requirements and uniform operational rules for payment service providers. The PSD, applicable in the EU to all payments in euro and other Member States currencies, lays the foundation for the creation of a single market in payments and constitutes the legal framework for a single euro payments area.

UCITS Directive and AIFM Directive

With respect to open-ended collective investment schemes, the original Undertakings for Collective Investment in Transferable Securities Directive 1985/611/EEC ("**UCITS Directive**") set out the original regulatory framework, which has since been amended by Directive 2001/107/EC and Directive 2001/108/EC. The first amending directive extended the range of assets in which a UCITS is permitted to invest, and the second allowed UCITS management companies to take advantage of a European passport in order to operate throughout the EU. These amendments to the UCITS Directive were initiated to increase the efficiency of the European investment fund industry. Directive 2009/65/EC ("**UCITS IV**"), which had a final implementation date of 1 July 2011, has resulted in further amendments (concerning, amongst others, cross-border mergers, master-feeder structures and key investor information). Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers ("**AIFM Directive**"), together with the underlying AIFM regulation 231/2013 of 19 December 2012, envisages a framework for the direct regulation and supervision of the alternative fund industry, particularly hedge funds and private equity funds. The AIFM Directive came into force on 21 July 2011 and must be implemented in 2013.

Anti-Money Laundering

The third Anti-Money Laundering Directive 2005/60/EC, published in November 2005, had the aim of implementing a revised version of the 40 recommendations of the Financial Action Task Force (an intergovernmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing). It follows a risk-based approach under which all measures aimed at preventing money laundering must be applied on a proportionate basis, depending on the type of customer, business and other considerations. On 1 January 2007, the regulation which transposes the Financial Action Task Force Special Recommendation VII on "wire transfers" into EU legislation came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing.

On 5 February 2013, the European Commission adopted two proposals to reinforce the EU's existing rules on anti-money laundering and fund transfers. The new package, which complements other actions taken or planned by the Commission in respect of its fight against crime, corruption and tax evasion, includes (i) a Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (which would replace the current Anti-Money Laundering Directive) and (ii) a Regulation on information accompanying transfers of funds to secure "due traceability" of these transfers (which would replace the current Regulation on wire transfers). Both proposals take into account the latest Recommendations of the Financial Action Task Force, and go beyond such recommendations in a number of fields in an attempt to promote the highest standards for anti-money laundering and counter terrorism financing. In particular, both proposals provide for a more targeted and focused risk-based approach.

Deposit Guarantee Schemes Directive

The European Commission and European Parliament are currently drafting a proposal for a revision of the Deposit Guarantee Scheme (the "**DGS**") at a European level. The DGS guarantees repayment of certain client deposits held at European banks in the event of bankruptcy. The revision mainly deals with harmonisation and simplification of protected deposits, faster payout and improved financing of schemes (with the emphasis on ex-ante financing rather than ex-post financing). The precise details of this proposal are currently under negotiation between the European Commission and the European Parliament. On 15 March 2013, the European Council published the conclusions of its meeting held on 14 to 15 March 2013 in which the European Council stated that agreement on the Deposit Guarantee Scheme Directive must be reached before June 2013.

The EU proposals are similar to the proposed Dutch system (see below under "*Dutch Deposit Guarantee Scheme*"), although certain elements differ, for example inclusion of corporate deposits in the EU proposal. It is currently unclear what extra demands the EU proposals will place on Dutch banks in addition to those in the Dutch DGS.

Bank Recovery and Resolution Directive

In June 2012, the European Commission published proposals for a framework for the recovery and resolution of financial institutions. The proposals have a three pillar approach aimed at prevention, early intervention and resolution. The resolution pillar includes bail-in powers for regulators to write down debt of a failing bank (or to convert debt into equity). Other resolution powers include the sale of business, the temporary setting up of a bridge bank and transfer of assets to a bad bank. It is uncertain when and how these proposals will be adopted. However, in their current form, they could negatively affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debts instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could, among other things, increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operation.

Single Supervisory Mechanism

The European Commission has also recently proposed a plan to grant the European Central Bank ("**ECB**") responsibility for specific supervisory tasks related to financial stability of all eurozone banks (the "**single supervisory mechanism**"). Within this unified supervisory system, the ECB will initially have direct responsibility for approximately 150 banks across the euro zone. Among these approximately 150 banks are euro zone banks with assets exceeding EUR 30 billion, of which ABN AMRO is one. The ECB will be able to require such euro zone banks to take remedial action to ensure their viability and will be able to intervene to prevent breach of capital requirements.

EMIR

The European Market Infrastructure Regulation ("**EMIR**") aims to improve stability in the market for over-the-counter ("**OTC**") derivatives, by requiring OTC derivatives which are declared subject to a clearing obligation to be cleared through central counterparties ("**CCP**s"), and by requiring counterparties to implement certain risk mitigation requirements with respect to transactions in uncleared OTC derivatives. EMIR also requires all derivative transactions to be reported to registered trade repositories. The majority of its provisions are to be implemented through Level 2 technical standards, some of which are already in force while others are expected to become effective during 2013 or 2014.

EMIR will apply directly to any entity (financial or non-financial) established in the EU that has entered into a derivatives contract, and applies indirectly to non-EU counterparties trading with EU parties. Implementation of EMIR will increase the Issuer's reporting requirements on outstanding derivative contracts. Furthermore, certain types of OTC derivatives contracts will need to be cleared through a central counterparty. For contracts that are not centrally cleared, ABN AMRO will need to comply with certain operational risk management requirements, including the increased exchange of collateral.

Regulation and supervision in the Netherlands

General

The Dutch regulatory system applicable to ABN AMRO is a comprehensive system based on the provisions of the Financial Supervision Act which came into effect on 1 January 2007. The Financial Supervision Act sets out rules regarding prudential supervision (by DNB) and supervision of conduct (by the AFM). Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector. Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

In addition to the supranational regulatory developments described above, the Dutch government and regulators have proposed a number of measures such as the introduction of a bank tax, an intervention act, a ban on referral fees and changes to the system of the Dutch Deposit Guarantee Scheme.

Prudential supervision

Prudential supervision of credit institutions in the Netherlands is performed by DNB under the Financial Supervision Act. No enterprise or institution established in the Netherlands may pursue the business of a credit institution unless it has obtained prior authorisation from DNB. Its supervisory activities under the Financial Supervision Act focus on supervision of solvency, liquidity and administrative organisation, including risk management and internal control. If, in the opinion of DNB, a credit institution fails to comply with the rules and regulations regarding the above mentioned subjects, DNB will notify the credit institution and may give the credit institution certain instructions. If the credit institution does not respond to any such instructions to the satisfaction of DNB, DNB is allowed to exercise additional supervisory measures that may include the imposition of fines and revocation of licences.

Prudential supervision also oversees calculation of significant intra-group agreements, adjusted solvency, calculation of capital adequacy and significant risk concentrations. It also determines the models used by the financial undertakings to report the calculations to DNB. Furthermore, the regulation lays down reporting rules, for example reporting deadlines and reporting frequency.

The Financial Supervision Act provides that each supervised credit institution must submit periodic reports to DNB. In accordance with this requirement ABN AMRO Bank files quarterly and monthly reports with DNB. At least one submission for each given year must be certified by an external auditor. The report to be certified is selected by an external auditor at his or her discretion.

Supervision by DNB

DNB exercises monetary supervision, supervision with respect to the solvency and liquidity of credit institutions, supervision of the administrative organisation of credit institutions and structure supervision relating to credit institutions. To this end, DNB has issued the following general guidelines:

Solvency supervision

The legislative minimum solvency requirements require that a credit institution maintain its own funds in an amount equal to at least 8% of its risk weighted assets. DNB sets bank-specific minimum requirements which are non-public. DNB also imposes limitations on the aggregate amount of claims (including extensions of credit) a credit institution may have against one debtor or a group of related debtors.

Liquidity supervision

The guidelines of DNB relating to liquidity supervision require that a credit institution maintains sufficient liquid assets against certain liabilities of the credit institution. These guidelines impose additional liquidity requirements if the amount of liabilities of a credit institution with respect to one debtor or group of related debtors exceeds a certain limit.

Structural supervision

The Wft provides that a credit institution must obtain a declaration of no objection from DNB before, among other things: (i) reducing its own funds by way of repayment of (regulatory) capital or distribution of reserves or making disbursements from the item comprising the code for general banking risks as referred to in section 2:424 of the Dutch Civil Code; (ii) acquiring or increasing a qualified holding in a bank, investment firm or insurer with its corporate seat in a state which is not part of the European Economic Area, or in a financial institution that has not obtained a supervisory status certificate, if the balance sheet total of that bank, investment firm or insurer at the time of the acquisition or increase amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (iii) acquiring or increasing a qualified holding in an enterprise, not being a bank, investment firm or insurer with its corporate seat in the Netherlands or in a state which is part of the European Economic Area or in a state which is not part of the European Economic Area, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1% of the consolidated available equity capital of the bank, (iv) taking over all or a major part of the assets and liabilities of another enterprise or institution, directly or indirectly, if the total amount of the assets or the liabilities to be taken over amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (v) merging with another enterprise or institution, if the balance sheet total of the enterprise or institution involved in the merger exceeds 1 per cent. of the consolidated balance sheet total of the bank referred to above, or (vi) proceeding with a financial or corporate reorganisation. For purposes of the Wft, "**qualified holding**" is defined to mean the holding, directly or indirectly, of an interest of more than 10 per cent. of the issued share capital or voting rights in an enterprise or institution, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a credit institution, or to exercise any voting power in connection with such holding, only after such declaration of no objection has been obtained.

Emergencies

The Wft contains an emergency regulation (*noodregeling*) which can be declared in respect of a credit institution by a Dutch court at the request of DNB if such credit institution is in a position which requires special measures for the protection of its creditors. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the representatives of the credit institution. Furthermore, the emergency regulation provides for special measures for the protection of the interests of the creditors of the credit institution. A credit institution can also be declared in a state of bankruptcy by the court.

Dutch Intervention Act

In anticipation of the EC proposal for a crisis management framework, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**") entered into force in June 2012 (with retrospective effect to January 2012). The Dutch Intervention Act provides a framework ensuring timely and orderly resolution of financial institutions in the event of serious problems, without the necessity to enter into bankruptcy proceedings. It grants substantial new powers to DNB and the Dutch Minister of Finance, enabling them to deal with ailing Dutch banks prior to insolvency. The Dutch Intervention Act empowers DNB or the Minister of Finance, as applicable, to commence proceedings leading to:

- transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser;
- transfer of all or part of the business of the relevant bank to a "bridge bank"; and
- public ownership (nationalisation) of the relevant bank and expropriation of debt securities.

Subject to certain exceptions, once any of these proposed proceedings have been initiated by DNB or the Minister of Finance, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

On 1 February 2013, the Dutch Minister of Finance announced the nationalisation of SNS Reaal N.V., acting under powers granted to him under the Dutch Intervention Act. A one-off resolution levy for all banks in the amount of EUR 1 billion was also proposed to be levied in 2014. The impact of this proposal on the results of ABN AMRO is currently estimated to be in the range of EUR 200-250 million (after tax) depending on the final details of the levy.

Dutch Deposit Guarantee Scheme

The Dutch government has announced the introduction of a new financial levy intended to pre-fund the Dutch Deposit Guarantee Scheme. This scheme guarantees client deposits at Dutch banks up to a maximum amount of EUR 100,000 in the event of bankruptcy. The duty will be levied on risk-bearing liabilities that fall under the Deposit Guarantee Scheme. The levy was initially planned to come into force on 1 July 2013. However, the Ministry of Finance has suggested in its letter to Parliament in connection with the nationalisation of SNS Reaal N.V. on 1 February 2013 that effectiveness be postponed for another two years. Under the new DGS, banks will be required to pay a quarterly contribution into a fund for the DGS. If the scheme is invoked, the fund will pay out. If the fund is insufficient, the costs arising from the shortfall will be divided among the banks in line with the present system. The new pre-funding system is expected to increase ABN AMRO's expenses for the DGS.

Mortgage lending rules

A number of rules and regulations applying to the Dutch mortgage market entered into force in January 2013. These include tax deductibility of interest payments. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced in the next 28 years from a maximum of 52% to a maximum of 38% This will most likely lead to a gradual decrease over the coming years of the amount of interest-only mortgages in the ABN AMRO's portfolio.

The new rules also impose a gradual decrease in the maximum loan-to-value rate. The loan-to-value rate will decrease (in principle) from 105% as per 1 January 2013 to 100% as per 1 January 2018. Furthermore, the maximum loan amount for government-guaranteed mortgage loans will be reduced from EUR 320,000 to EUR 290,000 as from 1 July 2013 and is expected to be capped at lower levels going forward, to arrive at the former level of EUR 265,000 in July 2014. In addition, the interest-only component of a mortgage loan may not exceed 50% of the market value of the property.

The rest should include some form of redemption or mortgage-linked savings/investment products. Separately, the government has lowered the transfer tax on house purchases from 6% to 2% to stimulate the housing market. To promote competition in the mortgage market, new transparency rules have been introduced. These rules require mortgage lenders to publish their fees on their websites and to provide specific information on offers and renewal offers to new and existing clients.

Ban on referral fees and bonuses

On 1 January 2013, the Dutch government introduced a ban on referral fees relating to specific complex financial products or significant household financial decisions, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and ensure that the interests of consumers and their advisors are aligned. Financial advisors will be required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees will no longer be payable.

A similar ban on referral fees has been announced by the Dutch Ministry of Finance in relation to certain investment services, in particular (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition would for instance affect current inducement fees paid by investment funds to distributors. Under the new rules, only the client itself would be allowed to pay commissions to the investment services provider. The Ministry announced that this ban should become effective by 1 January 2014.

The Dutch government has introduced new rules restricting the payment of bonuses by financial institutions that receive state support. The rules target both companies that will receive state support in the future as well as companies that have received state support in the past. The rules include a ban on performance-related variable remuneration (i.e. bonuses) as well as restrictions on other parts of the remuneration paid to managing directors and/or to persons determining the day-to-day policy of the financial institution. The new rules also apply to institutions that do not receive state aid directly but are part of a state-aided group.

Conduct of business supervision

The Financial Supervision Act provides a comprehensive framework for the conduct of securities trading in or from the Netherlands. The body responsible for carrying out conduct of business supervision in the Netherlands is the AFM.

Conduct-of-business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial undertakings in dealing with clients.

Dutch bank tax

In 2011, the Dutch government announced its intentions to introduce a bank tax. According to the government, the main purpose of this bank tax is to price in the implicit government guarantee for the Dutch banking sector. An act to introduce the bank tax in the Netherlands entered into force in 2012.

Since the original proposal, the tax rates have been increased such that the anticipated annual revenue generated by the bank tax from Dutch banks will increase from EUR 300 million to EUR 600 million.

Due to the introduction of the bank tax, ABN AMRO incurred a EUR 112 million surcharge in 2012, increasing expenses and the cost/income ratio. This measure will lead to costs in subsequent years.

Systemically Important Financial Institutions

In September 2012, the Dutch legislator published a consultation document on additional capital buffers for system-relevant banks and investment firms. The consultation document anticipates a gradual introduction of CRD IV (which include national descretions to impose (temporary) additional systemic risk buffers) into Dutch law. According to the document, the Dutch central bank is to determine the amount of the systemic risk buffer depending on the likelihood of an institution's situation disrupting the stability of the Dutch financial system.

This could lead to additional Tier 1 capital add-ons of 1-3% relative to risk-weighted assets. It is expected that the relevant additional buffers will need to be accrued from 2016 onwards and fully implemented by the end of 2018. ABN AMRO was designated as a systemically important financial institution in 2011.

Regulation in the rest of the world

ABN AMRO's operations elsewhere in the world are subject to regulation and control by local supervisory authorities, and its offices, branches and subsidiaries in such jurisdictions are subject to certain reserve, reporting and control and other requirements imposed by the relevant central banks and regulatory authorities.

Dodd Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was passed into US law on 21 July 2010. The Dodd-Frank Act has been hailed as the most sweeping financial services regulatory reform legislation in the US since 1933. The legislation covers a broad spectrum of issues ranging from systematic supervision, changes to the regulation of investment advisors and regulation of OTC derivatives, to measures aimed at improving consumer protection. Most of the impact on ABN AMRO's businesses is expected to result from the rules on OTC derivatives that are primarily used in the Markets business. For example, various provisions, such as mandatory clearing of swaps, trade execution through swap execution facilities, and reporting of OTC derivatives, will apply to the Issuer when transacting with US persons. Other provisions will apply only if ABN AMRO is required to register as a swap entity with the applicable US regulator.

Currently, there are two main regulatory agencies that are expected to issue further implementing rules: the US Commodity Futures Exchange Commission ("**CFTC**") and the Securities and Exchange Commission ("**SEC**"). The CFTC has issued almost all of its rules and regulations, while the SEC has not. The major remaining outstanding rules of the CFTC are those relating to capital of registered swap entities, swap execution facilities and uncleared swap margins. Furthermore, the cross-border application of the rules on OTC derivatives has not been finalised. Based on the information gathered to date, the Issuer has not registered as a swap dealer with the CFTC. The SEC has not published registration rules and as of year-end 2012, there was no registered swap entity for those derivatives under its jurisdiction. The Issuer is monitoring legal developments and OTC derivatives volumes to determine the need for registration.

FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") was enacted by US authorities in March 2010. The objective of FATCA is to increase the ability to detect US persons evading tax by holding accounts with so-called Foreign Financial Institutions ("**FFIs**"). FATCA imposes a maximum 30% withholding tax on all US source payments to an FFI unless the FFI complies with client due diligence and certain reporting and withholding requirements. An FFI can be FATCA compliant by entering an FFI Agreement directly with the US tax authorities or by way of operating in a jurisdiction where the local government has concluded an Inter-governmental Agreement with the US to facilitate the implementation of FATCA ("**IGA**"). In such an IGA jurisdiction, a local government has entered into an agreement with the United States to implement FATCA and the FATCA obligations are incorporated into local law.

The first major milestone for FATCA compliance is scheduled for 1 January 2014. ABN AMRO intends to become FATCA compliant, and expects FATCA to have an impact on client on-boarding processes, client administration and reporting systems. In addition, clients may receive requests to provide additional or updated information and documentation.

1.7 Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in this section. However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Registration Document which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

Settlement with Ageas

In 2009, Ageas initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank and the Dutch State claiming EUR 363 million compensation for which Ageas was liable on the cash settlement date. Furthermore, on 7 December 2010 and in accordance with the transaction documentation, the EUR 2 billion of 8.75% Mandatory Convertible Securities converted into ordinary Ageas shares and the final (semi-annual) coupon was paid. Ageas claimed it was entitled to receive EUR 2 billion of ABN AMRO ordinary shares by way of compensation. On 28 June 2012, however, ABN AMRO Group N.V., ABN AMRO Bank and Ageas agreed to settle all disputes, including the proceedings initiated by Ageas regarding the two aforementioned claims, between ABN AMRO Group N.V., ABN AMRO Bank, the Dutch State and Ageas in relation to the equity transactions which resulted in the takeover of the Dutch activities of the Former Fortis group by the Dutch State on 3 October 2008. Previously, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet, of which EUR 1.75 billion continued to qualify as Tier 1 capital. 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. 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 one-off settlement amount of EUR 400 million as paid by ABN AMRO to Ageas. As a result, Tier 1 and total capital decreased by EUR 150 million.

The MCS-related hedge fund claims of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 are not included in the settlement. The related proceedings initiated by certain hedge funds in Belgium against the four issuers of the MCS are still pending. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedgefunds. This verdict underlines the verdict in the summary proceedings (*kort geding*) of November 2010 that the MCS holders could not unilaterally amend the terms and conditions of the contract. Certain hedge funds have filed an appeal against the verdict. ABN AMRO remains confident that the MCS holders do not have the unilateral power to amend the terms and conditions of the MCS and therefore also continues to be positive about the outcome of the appeal proceedings.

Madoff fraud

ABN AMRO Bank, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. In some instances, ABN AMRO Bank and/or a subsidiary made collateralised loans to client funds that had indirect exposure to Bernard L. Madoff Investment Securities ("**BLMIS**"). In other instances, a subsidiary of ABN AMRO Bank entered into total return swap transactions with client funds that were indirectly exposed to BLMIS, and also purchased reference portfolio interests in funds that were exposed to BLMIS. If those BLMIS exposed funds remain impaired, ABN AMRO Bank estimates that its and its subsidiaries' losses could amount to EUR 922 million as provisionally provided for in 2008. In addition, certain subsidiaries of ABN AMRO Bank provided other services (including custodial and administration services) to client funds that had exposure to BLMIS. The provision of the custodial services has resulted in a number of legal claims, including by BLMIS' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. ABN AMRO Bank subsidiaries are defending themselves in these proceedings to which they are defendants. In light of the preliminary status of those claims and other arrangements that may mitigate litigation exposure, it is not possible to estimate the total amount of ABN AMRO Bank subsidiaries' potential liability, if any. ABN AMRO Bank and its relevant subsidiaries are continuing to investigate and implement strategies for recovering the losses suffered. As previously reported, a total amount of EUR 16 million (exclusive of costs) was recovered in the first half of 2009. In 2012, ABN AMRO was able to sell a number of shares that were provided to it as collateral in the context of the collateralised loans referred to above. This sale resulted in proceeds of approximately EUR 78 million (2011: EUR 52 million) and an equivalent amount provided for in 2008 was subsequently released.

1.8 Recent developments

Dividend

ABN AMRO announced on 4 March 2011 that, in consultation with the Dutch State, it had established a dividend policy that targets in principle a dividend payout of 40% of the reported annual profit. In its 2012 Annual Report, ABN AMRO Group N.V. announced a temporary reduction of the payout ratio. Over the coming years, the targeted payout ratio is expected to gradually increase again to 40% payout over the 2015 year-end profit. ABN AMRO intends to only make an interim dividend payment if the interim results allow for such a payment.

SNS Reaal

On 1 February 2013, the government of the Netherlands announced the nationalisation of SNS Reaal N.V. The government of the Netherlands also announced the proposal of a EUR 1 billion one-off resolution levy for all banks to be levied in 2014. The impact of this proposal on the results of ABN AMRO is currently estimated to be in the range of EUR 200 million to EUR 250 million (net-of-tax), depending on the final details of the levy. ABN AMRO will further assess the financial impact of the levy (exact amount and timing of recording) as soon as more details become available.

Repurchase of EUR 210 million preference shares

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. These class A non-cumulative preference shares were already excluded from ABN AMRO's regulatory capital position. The exercise of the call therefore has no impact on the capital ratios reported per 31 December 2012. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital.

Lower Tier 2 notes

The call and coupon ban on existing capital instruments as imposed by the European Commission has expired on 11 March 2013. On 20 February 2013, ABN AMRO announced that following the expiration of the ban, it will, as part of normal management activities, exercise its early redemption rights on certain Tier 2 instruments[7] in full at the time of the next interest payment dates in accordance with the relevant terms and conditions.

Tender offer on government guaranteed notes

On 17 May 2013, ABN AMRO announced a cash tender on any and all of the notes to the holders of the EUR 2,500,000,000 3.375% Senior Fixed Rate Guaranteed Notes due May 2014 (ISIN XS0428611973). Approximately 49% of the notes were tendered. Settlement took place on 30 May 2013.

[7] The ISIN numbers of the relevant series of instruments are XS0221514879, XS0233906121, XS0233907442, XS0282833184, XS0233906550, XS0267063435 andXS0256778464.

2. Shareholder, Group and Control

2.1 Shareholder

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank.

As of the date of this Registration Document, all shares in the capital of ABN AMRO Group N.V. are held by *Stichting administratiekantoor beheer financiele instellingen* (trade name NL Financial Investments, "**NLFI**"). All class A non-cumulative preference shares in the capital of ABN AMRO Group N.V. were repurchased by ABN AMRO Group N.V. in March 2013 and cancelled in May 2013. NLFI holds a total voting interest of 100% in ABN AMRO Group N.V. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and exercising all rights associated with these shares under Dutch law, including voting rights. Material or principal decisions require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorisation from and on behalf of the Dutch Minister of Finance.

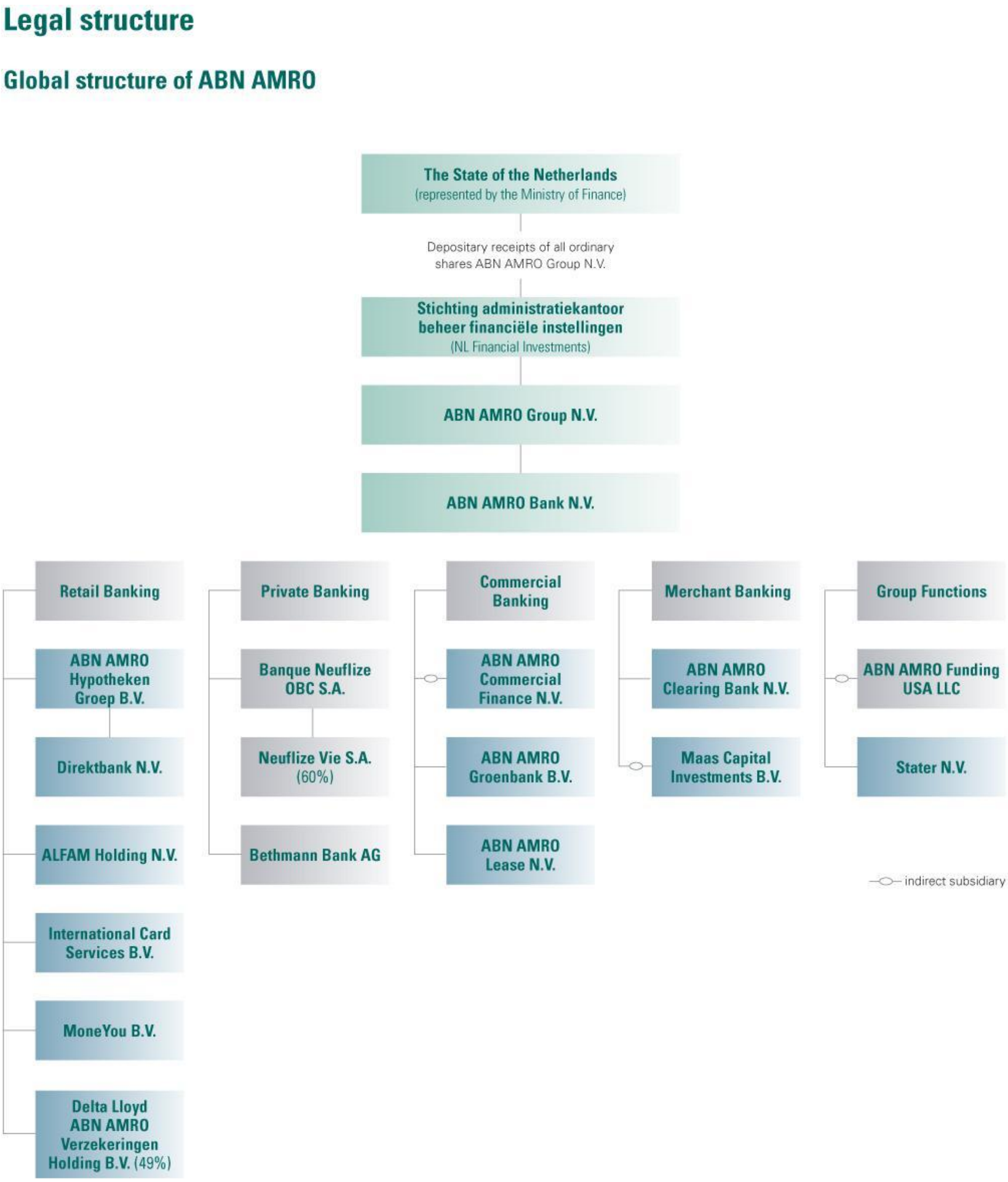
NLFI issued exchangeable depositary receipts for shares (without the cooperation of ABN AMRO Group N.V.) to the Dutch State. As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an indirect economic interest of 100% in ABN AMRO Group N.V.

2.2 Group governance

ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of the Netherlands. The company has a two-tier board consisting of a Supervisory Board and a Managing Board. As noted in "*The Issuer—Management and Governance*", the memberships of the Supervisory Boards of ABN AMRO Group N.V. and ABN AMRO Bank are the same as are the memberships of the Managing Boards of ABN AMRO Group N.V. and ABN AMRO Bank and the committees of these boards.

2.3 *Structure*

Set out below is a diagram of the legal structure of ABN AMRO Bank and its main direct and indirect subsidiaries as at the date of this Registration Document:



2.4 Control

Until 29 September 2011, the Dutch State had direct control over ABN AMRO, however, the Dutch State was not involved in the day-to-day management of ABN AMRO. On 29 September 2011, all shares in the capital of ABN AMRO Group N.V. held by the Dutch State were transferred to NFLI, as described above. The Dutch State has announced that it does not expect to dispose of its interest in ABN AMRO before 2014. While it retains all options, the Dutch State has indicated that it favours an initial public offering.

In the fall of 2012, the Dutch Minister of Finance stated that the NLFI has been asked to deliver an update on the exit strategy of ABN AMRO. At the date hereof, that update has not yet been published. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and exercising the rights associated with these shares under Dutch law, including voting rights. Moreover, material or principal decisions require the approval of the Dutch Minister of Finance, who will also be able to provide binding voting instructions with respect to such decisions. NLFI's objectives exclude disposing of or encumbering the shares, expect pursuant to an authorisation from and on behalf of the Dutch Minister of Finance.

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. These class A non-cumulative preference shares were already excluded from ABN AMRO's regulatory capital position. The exercise of the call therefore has no impact on the capital ratios reported per 31 December 2012. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital.

The depositary receipts for the shares in the capital of ABN AMRO Group N.V. have been issued without its cooperation. As a matter of Dutch law, the Dutch State, as the holder of the depositary receipts, will not have certain statutory rights applicable had the depositary receipts been issued with the cooperation of ABN AMRO Group N.V., including the general right to attend and speak at shareholders' meetings. This is in keeping with the intended commercial, non-political management of the shares. The general terms of administration (*administratievoorwaarden*) provide for the exchangeability of the depositary receipts into ordinary shares in anticipation of the exit of the Dutch States as a shareholder of ABN AMRO Group N.V.

The Minister of Finance remains responsible for selling the shares held by NFLI. NFLI's objects therefore exclude disposing of and encumbering the shares, except pursuant to authorisation from the Minister of Finance. One of NFLI's objects is to advise the Minister of Finance on the Dutch State's sale of the shares (the "**exit strategy**").

In addition, pursuant to the articles of association of NFLI, the Minister of Finance establishes the conditions for administration and custody of the shares. Any principal and material decisions of NFLI require the prior approval of the Minister of Finance. The Minister of Finance is able to provide binding voting instructions with respect to material and principal decisions.

2.5 403 Statement

On 1 April 2010, ABN AMRO Group N.V. issued a statement of joint and several liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*), (the "**403 Declaration**") in relation to ABN AMRO Bank. Pursuant to the 403 Declaration, ABN AMRO Group N.V. is jointly and severally liable with ABN AMRO Bank for debts resulting from legal acts of it.

The 403 Declaration is part of the Dutch company law provisions designed to enable subsidiaries of parent companies which publish consolidated annual accounts to obtain an exemption from the requirements to separately publish their own annual accounts. One of the conditions for obtaining such exemption is that a 403 Declaration is issued by the parent company and deposited with the Commercial Register of the Chamber of Commerce in the place where the subsidiary is established. The statutory provisions relating to 403 Declarations are contained in Article 2:403 and following of the Dutch Civil Code.

The 403 Declaration may provide limited economic benefit or recourse to investors. The 403 Declaration constitutes a guarantee by ABN AMRO Group N.V. for financial instruments issued by ABN AMRO Bank. If ABN AMRO Bank should default, creditors impacted by such default, including holders of the financial instruments, may claim against ABN AMRO Bank and/or ABN AMRO Group N.V as the guarantor. The obligation of ABN AMRO Group N.V. under the 403 Declaration is unconditional and is not limited in amount or by the type of ABN AMRO Bank obligation resulting from its legal acts. However, a legal defence available to ABN AMRO Bank against a creditor of ABN AMRO Bank would likewise be available to ABN AMRO Group N.V. as well. Furthermore, since ABN AMRO Group N.V. is a holding company with no significant activities of its own, it would have to look at its operating subsidiaries to satisfy a claim brought against it by a holder of a Note or any other creditor of ABN

AMRO Bank on the basis of the 403 Declaration. Finally, ABN AMRO Group N.V. may revoke the 403 Declaration at any time, including with retroactive effect subject to certain criteria.

2.6 Share capital of ABN AMRO Group N.V. and ABN AMRO Bank

The authorised share capital of ABN AMRO Group N.V. amounts to EUR 3,751 million, divided into 3,750 million ordinary shares of EUR 1 each and 100 million class B ordinary shares of EUR 0.01 each.

The issued and paid-up share capital of ABN AMRO Group N.V. is EUR 940,000,001, consisting of 940,000,001 ordinary shares of EUR 1 each.

The authorised and issued share capital (ordinary and preference shares) and share premium reserve were impacted by the conversion of the EUR 2 billion liability resulting from the MCS into equity (see "*—ABN AMRO Bank N.V.—Legal and arbitration proceedings—Settlement with Ageas*"). 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 in June 2012.

The 2012 movements in Share Capital and Share premium were all due to the conversion of the Mandatory Convertible Securities and the settlement with Ageas.

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. These class A non-cumulative preference shares were already excluded from ABN AMRO's regulatory capital position. The exercise of the call therefore has no impact on the capital ratios reported per 31 December 2012. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital.

ABN AMRO Bank's authorised capital amounts to EUR 2,000,000,000 and is divided into 2,000,000,000 ordinary shares of EUR 1 (one euro) each. The issued and paid capital amounts to EUR 800,000,000.

3. Management and Governance

ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of the Netherlands. The company has a two-tier board governance consisting of a Supervisory Managing Board and a Managing Supervisory Board. As noted above and in "*The Issuer—Management and Governance*", the memberships of the Supervisory Boards of ABN AMRO Group and ABN AMRO Bank are the same, as are the memberships of the Managing Boards of ABN AMRO Group and ABN AMRO Bank and the committees of these boards.

3.1 Supervisory Board of ABN AMRO Group N.V. and ABN AMRO Bank N.V.

Responsibilities of the Supervisory Board

ABN AMRO's supervisory board (the "**Supervisory Board**") supervises ABN AMRO's managing board (the "**Managing Board**"), as well as ABN AMRO's general course of affairs and its business. In addition, it is charged with assisting and advising management. In performing their duties, the members of the Supervisory Board are guided by the interests and continuity of ABN AMRO and its enterprise and take into account the relevant interests of ABN AMRO's stakeholders. Certain powers are vested with the Supervisory Board, including the approval of certain resolutions of the Managing Board.

In accordance with the best practice provisions of the Dutch Corporate Governance Code, Supervisory Board members at ABN AMRO are appointed for a maximum of three four-year terms. The current tenures of the members of the Supervisory Board will terminate in accordance with the retirement and reappointment schedule prepared by the Board.

Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board, together with an indication of their principal activities outside of ABN AMRO[8]:

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
Hessel Lindenbergh, Chair	18 December 2009	Last position: Member of the Managing Board of ING Group	Chair of Supervisory Board, Bank voor de Bouwnijverheid N.V. (Bank for Construction Industry)
			Chair of Supervisory Board, Agendia B.V.
			Member of Supervisory Board, Doctors Pension Funds Services B.V.
			Member of Supervisory Board, Gamma Holding N.V.
			Member of Supervisory Board, Royal Haskoning DHV N.V.
			Member of Board, Stichting Continuiteit PostNL, Stichting Vopak, Stichting Preferente Aandelen (Foundation Preferred Shares) Wolters Kluwer, Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V.
Rik van Slingelandt, Vice-Chair	27 October 2010	Last position: Member of the Managing Board of Rabobank	Supervisory Director, Kahn Scheepvaart B.V.
			Member of Board, Stichting Neijenburg
			Chair, Save the Children Fund Nederland
Hans de Haan	18 December 2009	Last position: Chartered accountant and partner with Ernst & Young Accountants	Member of Board, Stichting (Foundation) Trustee Achmea Hypotheekbank
			Trustee in the bankruptcy of Van der Hoop Bankiers N.V.
			Member of Board, Stichting Lehman Brothers Treasury Co B.V.

[8] Except for their principal functions in ABN AMRO or its subsidiaries, directors' other functions within ABN AMRO or its subsidiaries have not been included. Each member of the Supervisory Board is also member of the Supervisory Board of ABN AMRO Group N.V.

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
Steven ten Have	30 March 2010	Current position: Partner with Ten Have Change Management and professor of Strategy & Change at Vrije Universiteit in Amsterdam	Chair of Supervisory Board, Cito B.V.
			Vice-Chair of Supervisory Board, Stichting Cito Instituut voor Toetsontwikkeling (Foundation Cito Institute for Educational Testing Development)
			Chair, Postgraduate Study in Change Management, Vrije Universiteit, Amsterdam
			Member of Board, Stichting INK (*Instituut Nederlandse Kwaliteit*) (Foundation Institute for Netherlands Quality)
			Chair, Foundation Centre for Evidenced Based Management
Bert Meerstadt	30 March 2010	Current position: Chairman of the Board of N.V. Nederlandse Spoorwegen (Netherlands Railways)	Member of Supervisory Board, Lucas Bols
			Member of Board, VNO-NCW
			Chair of Board, Friends of Concertgebouw and Royal Concertgebouw orchestra
			Chair of Marketing Advisory Board Rijksmuseum
			Chair of Society for Prevention and Rescue of Drowning Victims
			Chair of Board Blinden-Penning Foundation for the Blind and Visually Impaired
Marjan Oudeman	1 April 2010	Current position: Member of Executive Committee of AKZO Nobel N.V.	Member of Supervisory Board, N.V. Nederlandse Spoorwegen (Netherlands Railways)
			Member of Board of Directors, Statoil ASA
			Member of Supervisory Board, Platform

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
			Bèta Techniek
			Member of Supervisory Board, Rijksmuseum
			Member of Board of Directors, Concertgebouw Foundation
			Governor of the Nationaal Comité 4 en 5 mei (the National Committee 4 and 5 May Foundation)
Annemieke Roobeek	30 March 2010	Current position: Professor of Strategy and Transformation Management (Nyenrode University) and director and owner of MeetingMoreMinds and Open Dialogue B.V.	Member and Treasurer, NexusLabs Foundation – Where innovation means business
			Member of Supervisory Board, KLM N.V.
			Member of Supervisory Board, RAI Amsterdam Exhibition Centers
			Member of Supervisory Board, Abbott Healthcare Products B.V.
			Member of the Supervisory Board of DIGH (Stichting Dutch International Guarantees for Housing)
			Member Adivisory Board Koninklijke Horeca Nederland
			Member PGGM Adivisory Board for Responsible Investment
			Chairperson of Netherlands Center for Science and Technology (NCWT) and Science Center NEMO, Amsterdam
			Chairperson of INSID, Institute for sustainable innovation & development by His Royal Highness Prince Carlos de Bourbon Parma
			Chairperson REFILL (*Vereniging voor innovatieve en duurzame oplossingen tegen kantorenleegstand*)
			Member of Board, Foundation of the Medical Centre of the Vrije Universiteit,

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
			Amsterdam
			Member Raad van Eigen Wijzen CPI Governance
			Member, Siruis Leading Expert for Excellence in Higher Education (on behalf of Dutch Ministry of OC&W)
Peter Wakkie	18 December 2009	Current position: Partner at law firm Spinath & Wakkie B.V.	Vice-Chair of Supervisory Board, Wolters Kluwer N.V.
			Member of Supervisory Board, TomTom N.V.
			Member of Supervisory Board, BCD Holdings N.V.
			Member of Board, Vereniging (Association) Corporate Litigation
			Member of Board, VEUO
			Member, Monitoring Committee Corporate Governance Code

Activities of the Supervisory Board

The Supervisory Board of ABN AMRO has three committees:

Audit Committee

The Audit Committee is tasked with direct supervision of all matters relating to the bank's financial strategy and performance, including selection of and relationship with the external auditor, the effectiveness of the accounting systems, financial disclosures and relation aspects of internal risk management and internal control. The committee consists of Hans de Haan (Chair), Hessel Lindenbergh, Bert Meerstadt and Rik van Slingelandt.

Remuneration, Selection & Nomination Committee

The responsibilities of the Remuneration, Selection & Nomination Committee include preparation of the selection, nomination and re-nomination of the members of the Supervisory and Managing Boards. To this end, the committee is involved in drafting selection criteria and appointment procedures, and in preparing and periodically reviewing succession plans of these Boards. The committee periodically assesses the performance of the members of both Boards. Its remuneration-related tasks include advising the Supervisory Board on remuneration for members of the Managing Board and advising on remuneration for members of the Managing Board and advising on remuneration of selected members of senior management responsible for the control functions and reward policies for other Identified Staff.

Risk & Capital Committee

The Risk & Capital Committee advises the Supervisory Board on subjects relating to risk management and risk control and prepares the Supervisory Board's decision-making in these areas. The committee is in charge of the annual approval of the bank's risk appetite; the periodical profile; the assessment of its risk management functions and the testing of its risk framework. The committee is also tasked with supervision of the bank's capital and liquidity position and its funding. The committee periodically discusses legal and compliance-related matters. The committee consists of Rik van Slingelandt (Chair), Hans de Haan, Hessel Lindenbergh, Annemieke Roobeek and Peter Wakkie.

3.2 Managing Board of ABN AMRO Group N.V. and ABN AMRO Bank N.V.

Responsibilities of the Managing Board

The members of the Managing Board collectively manage ABN AMRO and are responsible for its strategy, structure and performance. In carrying out their duties, the members of the Managing Board are guided by the interests and continuity of ABN AMRO and its businesses taking into due consideration the interests of all of ABN AMRO's stakeholders, such as its clients and employees, its shareholders and society at large. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders. The Managing Board has installed a number of committees that are responsible for decision-making on certain subjects and advising the Managing Board on certain matters.

Managing Board members are appointed for a period of four years and may be reappointed for a term of four years at a time. In respect of best practice provision II.1.1 of the Dutch Corporate Governance Code, all members of the Managing Board of ABN AMRO are deemed to have been appointed on 1 April 2010 immediately following the legal transfer of ABN AMRO Bank to ABN AMRO Group. The formal dates of appointment may relate to the incorporation of ABN AMRO Group and as such may differ slightly. The current tenures of all members of the Managing Board will therefore terminate at the Annual General Meeting of Shareholders of ABN AMRO Group in 2014.

Composition of the Managing Board

Name	**Date of Appointment**	**Principal activities[1] performed by them outside ABN AMRO which are significant with respect to ABN AMRO**
Gerrit Zalm, *Chairman*	1 April 2010	Non-executive Director, Royal Dutch Shell
		Chairman Advisory Council, "Wigo-4it", a cooperative effort of the social welfare organisations of the four largest cities in the Netherlands
Kees van Dijkhuizen, *Vice-Chairman and CFO*	1 June 2013	Advisor of Minister of Housing regarding financing of Dutch mortgage market
		Chairman of Tax Committee (installed by State Secretary of Finance)
		Chairman of Committee on Supervision of Dutch Banking Association
		Chairman of Government Committee on Export, Import and Investment Guarantees
		Member of Supervisory Board, TNO
		Member of Board of Trustees, Museum Meermanno
Johan van Hall, *Chief Operating Officer*	18 December 2009	Member of Supervisory Board, Equens SE (pan-European processor of payments and cards)

(1) Except for their principal functions in ABN AMRO Bank or its subsidiaries, directors' other functions within ABN AMRO Bank or its subsidiaries have not been included. Each member of the Managing Board is also member of the Managing Board of ABN AMRO Group N.V.

Name	Date of Appointment	Principal activities(1) performed by them outside ABN AMRO which are significant with respect to ABN AMRO
		Member of Board, Nyenrode Europe India Institute
		Chairman, Foundation ABN AMRO Support for Support
Caroline Princen, *Integration, Communication & Compliance Officer*	1 April 2010	Member of Supervisory Board, Utrecht University
		Member of Supervisory Board, EYE Film Institute
		Member of Supervisory Board, WIFS (Women in Financial Services)
		Chairman, ABN AMRO Foundation
Wietze Reehoorn, *Chief Risk Officer & Strategy*	1 April 2010	Member of Supervisory Board, Amsterdam Bring City
		Member of Supervisory Board, The Royal Tropical Institute
		Member of Supervisory Board, Amsterdam Institute of Finance
		Member of Supervisory Board, Topsport Community
Chris Vogelzang, *Retail & Private Banking*	1 April 2010	Member of the Board, Dutch Banking Association
		Member of the Board, Stichting Steun Emma Kinderziekenhuis (Foundation Support Emma Children's Hospital)
		Member of Board, Marketing Advisory Board Rijksmuseum
		Treasurer, Stichting Fotografiemuseum (FOAM)
		Member of Board, Stichting Verenging van de Effectenhandel
Joop Wijn, *Commercial & Merchant Banking*	1 April 2010	Chairman of the Board, Oranje Fonds
		Member of the Supervisory Board, Schiphol Group
		Member of the Board, VNO-NCW
		Member of the Supervisory Board, Royal Jaarbeurs Utrecht
		Member of Supervisory Board, Stadsherstel

Name	Date of Appointment	Principal activities[1] performed by them outside ABN AMRO which are significant with respect to ABN AMRO
		Amsterdam
		Member of the Board, ICC Netherlands

3.3 Conflict of interest and address information

There are no actual or potential conflicts of interest between the duties to ABN AMRO Group N.V. and/or ABN AMRO Bank of the members of the Managing Board and the Supervisory Board set out above and their private interests and/or duties which are of material significance to ABN AMRO Group N.V. and/or ABN AMRO Bank and any of such members.

The business address of the members of the Managing Board and the Supervisory Board is Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

6. OPERATING AND FINANCIAL REVIEW

*The following discussion and analysis of ABN AMRO's results of operations and financial condition relates to ABN AMRO Group N.V.'s Consolidated Annual Financial Statements 2012 and 2011 (together the "**Consolidated Annual Financial Statements**"). This should be read, subject to the cautionary statements noted in "Risk Factors", in conjunction with the Consolidated Annual Financial Statements and the related notes and other financial information included elsewhere in this Registration Document.*

The reported figures have been impacted by several items which are related to the demerger of ABN AMRO Bank from RBS N.V. and the separation of FBN from Fortis Bank SA/NV and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the results of operations of ABN AMRO have been adjusted for these items where indicated (and presented as underlying results). The analysis in this Operating and Financial Review is based on the underlying results where indicated. Reconciliation of the reported and underlying results is presented where relevant.

The reported results for the years ended and as at 31 December 2012, 2011 and 2010 included in this Operating and Financial Review have been audited. Underlying results and reconciling items, where included, have been extracted from management accounts and have neither been audited nor reviewed (as applicable).

Allocation of costs has been refined as from 2011, with the majority of the costs of Group Functions now allocated to the businesses. Comparison of the 2011 and 2010 results of the business segments is impacted by this change. Comparative figures have not been restated. Items not allocated to the businesses include operating results from ALM/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

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.

The Consolidated Annual Financial Statements are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise noted). Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

6.1 Presentation of financial information

Consolidated Annual Financial Statements 2012 and 2011

The Consolidated Annual Financial Statements 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS-EU**"), on a mixed model valuation basis as follows:

- Fair value is used for:
  - derivative financial instruments;
  - financial assets and liabilities held for trading or designated as measured at fair value through income;
  - available-for-sale financial assets;
  - investments in associates of a private equity nature.
- Other financial assets (including "loans and receivables") and liabilities are valued at amortised cost less any impairment if applicable.
- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk.

- Non-financial assets and liabilities are generally stated at historical cost.
- Equity accounted investments are accounted for using the net equity method.

Changes in accounting policies and new accounting standards and interpretations

On 1 January 2012, ABN AMRO adopted IFRS 7 Financial Instruments: Disclosures – Transfer of Financial Assets. The amendments to IFRS 7 require additional information on transferred assets that are not derecognised in their entirety, and on transferred assets that are fully derecognised but where ABN AMRO has continuing involvement. This standard is applicable for annual periods beginning on or after 1 January 2012. The European Commission endorsed this standard in the fourth quarter of 2012.

On 1 January 2012, ABN AMRO adopted IAS 12 Income Taxes. The amendments to IAS 12 provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment property. This standard is applicable for annual periods beginning on or after 1 January 2012. The European Commission endorsed this standard in the fourth quarter of 2012. This amendment did not have a material impact on ABN AMRO.

New accounting standards and interpretations

The following new or revised standards and interpretations were issued by the International Accounting Standards Board ("**IASB**"), which become effective for ABN AMRO after 2012, if and when endorsed by the EU:

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

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

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 in which they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, both the net defined benefit liability or asset and the amounts recognised in profit or loss are affected.

The amended standard splits changes in the net defined benefit liability or asset into:

- service cost (including past service costs, curtailments and settlements) – in profit or loss;
- net interest costs (i.e. net interest on the net defined benefit liability) – in profit or loss;

- remeasurements – 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 negative impact (net of tax) of EUR 1,154 million on ABN AMRO's total equity, based on the situation as at 31 December 2012, mainly due to the direct recognition of actuarial gains and losses. The actuarial gains and losses are highly volatile by nature. Furthermore, the profit would have been EUR 205 million higher (net of tax). Therefore, this amended standard has a significant impact on the financial position of ABN AMRO. This impact is disclosed in note 30.

IAS 1 Presentation of Financial Statements

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

IFRS 13 Fair Value Measurement

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

IFRS 9 Financial Instruments: Classification and Measurement

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

6.2 Key factors affecting results of operations

General market conditions

ABN AMRO's revenues and results of operations are affected by, among other factors, general economic conditions in the Netherlands and other markets, including economic cycles, the financial markets, the Dutch mortgage market, banking industry cycles and fluctuations in interest rates and exchange rates, monetary policy, demographics, and other competitive factors. Revenues and net profit from ABN AMRO's operations may vary from year to year depending on changes in consumer and corporate lending market conditions and business cycles in the Netherlands and other markets. The financial services industry, both in the Netherlands and around the world, continues to face a high degree of uncertainty, and ABN AMRO is exposed to these developments across all its businesses, both directly and indirectly and through their impact on customers and clients.

Economic developments in recent years have impacted Dutch banks. Revenues came under pressure due to weaker demand for certain banking products. Costs were driven up by preparations for and the introduction of new or revised regulations. Loan impairments increased due to a rise in defaults and a decline in the value of (commercial) property portfolios, among other things. These developments did not affect the profits and capital ratios of all banks equally, due in part to differences in scale and geographic scope and the relative impact of loan impairments. Lower profitability combined with stricter capital requirements prompted both Dutch and foreign banks active in the Netherlands to reconsider their existing mix of activities, choices in new lending, dividend policies and geographic allocation of capital. The relatively large share of mortgages on Dutch banks' balance sheets and the situation on the housing market made banks cautious in their mortgage lending. Furthermore, a number of foreign banks gave priority in lending to their home markets, slowed down growth of their Dutch activities and, in some cases, sold off portfolios.

Large items and divestments

Impact of large items

In the year ended 31 December 2012 several large positive items were recorded, totalling EUR 386 million net of tax.

- These positive items included:
  - releases from the Credit Umbrella and other EC Remedy-related provisions totalling EUR 210 million positive net of tax (EUR 215 million pre-tax);
  - a release of Greek impairments of EUR 94 million net of tax (EUR 125 million pre-tax);
  - Madoff-related impairment releases (EUR 75 million net of tax);
  - release of a provision related to the sale of the Swiss Private Banking activities; and
  - small additions to the restructuring provision taken in 2011.
- These large positive items were offset by a EUR 112 million negative net-of-tax impact of the Dutch bank tax.

In the year ended 31 December 2011:

- Loan impairments on the Greek Government-Guaranteed Corporate Exposures (total amount of EUR 880 million pre-tax, EUR 660 million net of tax) highly impacted the results.
- A EUR 187 million (pre tax) restructuring provision was recorded for further restructurings and staff reductions.
- Several positive one-offs (totalling approximately EUR 150 million net of tax), including items resulting from a further integration of systems and methodologies, gains on sales of participating interests and buildings and a release related to the Madoff provision, were recorded in the first half of 2011.

In the year ended 31 December 2010:

- Costs for capital instruments (EUR 195 million pre-tax, EUR 179 million net of tax) and a credit protection instrument (EUR 140 million pre-tax, EUR 104 million net of tax), which were called or converted in the course of 2010.
- A gain of EUR 175 million pre-tax (EUR 130 million net of tax) was recorded on the buyback of an Upper Tier 2 capital instrument.
- Several large litigation provisions relating to international activities conducted in the past were taken by Private Banking and Merchant Banking (full net impact: EUR 265 million).
- A EUR 409 million restructuring provision for personnel was recorded in integration and separation costs.

Impact of divestments

During 2012 several divestments were completed. 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 the commercial insurance broker activities for corporate clients to Aon. The insurance operations for small and medium-sized businesses were transferred to ABN AMRO Verzekeringen. ABN AMRO Verzekeringen is a joint venture between ABN AMRO Bank N.V. and Delta Lloyd Group, the latter holding 51% of the shares and ABN AMRO Bank N.V. having a 49% stake. The result of this transaction on the net result was negligible, as was its impact on different Profit and Loss ("**P&L**") line items.

- The sale of Solveon Incasso BV to Lindorff Group AB. The results of this entity and the transaction results were included in the financial results up to the completion date of the sale and transfer. The result of this transaction on the net result was negligible, as was its impact on different P&L line items.

For comparison purposes, the following activities were divested in 2011:

- 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 book gain.

For comparison purposes, the following activities were divested in 2010:

- Under the EC Remedy, the activities of New HBU II N.V. and IFN Finance B.V. were sold in December 2009 and transferred on 1 April 2010. The results of these activities were included in Group Functions until the date of completion of the sale (total negative transaction result of EUR 812 million after tax).

Regulatory environment

ABN AMRO conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioural requirements), rules, stress testing exercises, corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. DNB, the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on ABN AMRO. The European Commission has also recently proposed a plan to grant the European Central Bank ("**ECB**") powers to monitor and supervise banks in the eurozone (the "**single supervisory mechanism**"), which may result in further requirements being imposed on the Issuer, including but not limited to in relation to capital and liquidity. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

Any changes in the tax laws of jurisdictions in which the Issuer operates which affect its products, could have a material adverse effect on its banking or other businesses and results of operations and financial position.

Separation and integration

Total identified pre-tax integration costs amounted to EUR 448 million in the year ended 31 December 2012, as compared to EUR 362 million in the year ended 31 December 2011. These costs consisted of EUR 278 million in project costs and a slight increase of EUR 8 million related to the integration restructuring provision, which was recorded in 2010. In addition, EUR 162 million was recorded for the merger of pension funds.

Total integration costs in the period from 2009 to 2012 amounted to EUR 1.6 billion. These costs were primarily related to the restructuring provision, IT, IT-related consultants and impairments on housing assets.

Overall, the integration is complete. 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 2012 were the full Markets Foreign Exchange & Rates business integration in March, technical integration of equity derivatives systems in May, the migration of EC Remedy clients of Deutsche Bank in June, the agreement to merge between ABN AMRO Bank Pensioenfonds and Pensioenfonds Fortis Bank Nederland in November (effective as of 1 January 2013) and the migration of ECT clients in November.

Synergies

Cumulative integration-related synergies in the period from 2009 to 2012 amounted to approximately EUR 1.0 billion at the year-end 2012, mainly related to office space savings, IT savings and workforce reductions. Several activities were divested as a result of which the synergies related to these activities could not be realised. In addition, during the integration period EUR 0.2 billion of expected cost increases were avoided leading to a lower-than-expected cost base. The targeted integration synergies of EUR 1.1 billion as from 2013 were translated into a cost/income ratio between 60% and 65% The 2012 underlying cost/income ratio of 61% (which includes the new bank tax) was at the lower end of this targeted range. The full synergy benefits of the merger of ABN AMRO and FBN is expected to be realised in 2013.

European Commission state aid investigation

On 8 April 2009, the European Commission notified the Dutch State it was initiating a procedure concerning potential state aid in connection with the acquisitions made by the Dutch State.

On 5 April 2011, the European Commission ("**EC**") announced the outcome of the state aid investigation against ABN AMRO, approving the support package and restructuring plan subject to certain conditions, including (but not limited to):

- a ban on acquisitions above a certain amount (not applicable to certain activities such as private equity);
- a continuation of the price leadership restrictions similar to the ones implemented in 2010; and
- a ban on advertising state ownership.

Most measures are implemented for the duration of three years, starting 5 April 2011. The restrictions imposed on acquisitions will be prolonged to a maximum of five years if after three years the Dutch State continues to hold more than 50% of the ordinary shares.

On 14 June 2011, ABN AMRO filed an appeal against the EC's decision, more precisely against the acquisition ban imposed thereby. The lodging of this appeal does not suspend the EC's decision. Parties have exchanged written pleas; the last document was filed by the EC in the beginning of 2012. As of the date of this Registration Document, the Court has yet to fix a date for oral pleas.

Interest rate fluctuations

Changes in interest rates, including changes in the yield curve, can affect ABN AMRO's results of operations. Generally, a sustained period of lower interest rates will reduce the investment yield of interest earning assets as higher yielding investments are called or mature and the proceeds of these investments are reinvested at lower rates. Declining interest rates can lead to higher returns from ABN AMRO's operations if interest earning assets reprice more slowly than interest-bearing liabilities or the volume of average interest earning assets grows as a result of higher amounts of credit demand.

Conversely, rising interest rates should over time increase investment income but may reduce the market value of existing investments in ABN AMRO's portfolios. This can also lead to higher returns from ABN AMRO's banking operations if the interest rate spread widens, assuming this effect is not offset by lower volumes of average interest-earning assets as a result of lower levels of credit demand, a deterioration in the quality of ABN AMRO's loan portfolio, an increase in provisions for possible credit risk or lower interest income due to slower repricing of interest-earning assets compared to the repricing of interest-earning liabilities. Besides absolute levels of interest rates, income in the banking activities can be influenced by the shape of the yield curve. If the duration of interest-earning assets is longer than the duration of interest-earning liabilities, a steeper yield curve normally generates higher income in the banking operations.

Liquidity and funding

ABN AMRO seeks to ensure that it is in a position to meet its obligations at any time. To this end, ABN AMRO maintains a diversified and stable funding base comprising core consumer and commercial customer deposits and institutional balances, and short-term and long-term wholesale funding. In addition, ABN AMRO holds portfolios of highly liquid assets diversified by currency and maturity to enable it to respond to unusual liquidity requirements.

In illiquid markets, financial investment and asset valuation is highly uncertain. Although processes are available to estimate fair values, they require substantial elements of judgment, assumptions and estimates (which may change over time). The risk of illiquidity, therefore, may reduce capital resources as valuations decline or a selling market dissipates. Actions or the threat of actions by third parties and independent market participants, such as rating agency downgrades of instruments to which ABN AMRO has exposure, can result in reduced liquidity and valuations of those instruments. Rating agencies, which determine ABN AMRO's credit ratings and thereby influence the cost of funds, take into consideration the effectiveness of ABN AMRO's liquidity risk management framework.

The market conditions that the financial services industry experienced during the height of the crisis included in decreased liquidity, reduced availability of long-term wholesale market funding, pressure on capital and extreme price volatility across a wide range of asset classes. Financial institutions were, at times, unable to buy or sell certain assets. As securities and lending markets weakened competition for deposits and the greater risk of deposit migration between competitors increased.

ABN AMRO is subject to the threat of illiquidity and/or extreme price volatility, either directly or indirectly, through exposures to securities, loans and other commitments. Although there was some moderation in market conditions during 2011 and 2012 in the primary markets, it is difficult to predict if this trend will continue. If conditions worsen, ABN AMRO's markets, products and other businesses may be adversely affected.

ABN AMRO Bank is regulated (on a consolidated basis) in accordance with capital adequacy and liquidity requirements set by DNB.

Exchange rate fluctuations

ABN AMRO does business primarily in euros, as well as a variety of other currencies through its foreign operations and Dutch entities which operate with non-euro currency. However, open positions are strictly monitored and managed and are kept within well-defined limits.

The financial performance of ABN AMRO's foreign operations, conducted through branches, subsidiaries, associates and joint ventures, is reported using the currency ("**functional currency**") that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The assets and liabilities of ABN AMRO's foreign operations, including goodwill and purchase accounting adjustments, are translated to ABN AMRO's presentation currency, the Euro, at the foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to the Euro at the rates prevailing at the end of the month.

6.3 Explanation of key income statement items

Interest income and expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments (whether classified as held to maturity, available-for-sale, designated at fair value through profit or loss or non-trading derivatives) on an accrual basis using the effective interest rate method including the value adjustments to the carrying amount of the hedged item related to the termination of a fair value hedge of interest risk.

The application of the effective interest rate method includes the amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. This item does not include interest income and expense in relation to trading balances, which is included within net trading income.

Fee and commission income

Fees as integral part of effective interest rate

Fees and commissions generated as an integral part of negotiating and arranging a funding transaction with clients, such as the issuance of loans, are included in the calculation of the effective interest rate and are included in interest income and expense.

Fees recognised as services are provided

Service fees are typically recognised on a straight line basis over the service contract period; portfolio and other management advisory and service fees are recognised based on the applicable service contracts.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognised when the relevant criteria have been met.

Net trading income

Net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities held for trading, interest income and expenses related to trading balances, dividends received from trading instruments as well as related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in ABN AMRO's credit spreads where it impacts the value of ABN AMRO's trading liabilities. The charge related to the write-off of trading instruments is included in trading income.

Results from financial transactions

Results from financial transactions include gains and losses on the sale of non-trading financial assets and liabilities, ineffectiveness of hedging programmes, the change in fair value of derivatives used for hedging purposes that are not included in hedge accounting relationships, fair value changes relating to assets and liabilities designated at fair value through income and changes in the value of any related derivatives. For liabilities designated at fair value through profit or loss, it includes changes in ABN AMRO credit spreads. Dividend income from non-trading equity investments, excluding associated companies, is recognised when entitlement is established.

Other income

Other operating income is primarily comprised of insurance activities, leasing activities, disposal of operating activities, subsidiaries and equity accounted investments.

Operating expenses

Operating expenses include personnel expenses, general and administrative expenses and depreciation and amortisation of tangible and intangible assets.

Impairment charges on loans and other receivables

An indication that a loan may be impaired is obtained through ABN AMRO's credit review processes, which include monitoring customer payments and regular loan reviews depending on the rating of the facility.

ABN AMRO first assesses whether objective evidence of impairment exists for loans (including any related facilities and guarantees) that are individually significant, and individually or collectively for loans that are not individually significant. If ABN AMRO determines that no objective evidence of impairment exists for an individually assessed loan, it includes the asset in a portfolio of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are evaluated individually for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The amount of the loss is recognised using an allowance account and the amount of the loss is included in the income statement line loan impairment and other credit risk provisions. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that are likely to result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Future cash flows of a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the portfolio and historical loss experience for loans with credit risk characteristics similar to those in ABN AMRO. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the historical data and to remove the effects of conditions in the historical data that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The impact of changes in estimates and recoveries is recorded in the income statement line Impairment charges on loans and other receivables. Allowances against a given portfolio may be released where there is improvement in the quality of the portfolio.

Following impairment, interest income is recognised using the original effective interest rate. When a loan is deemed no longer collectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the income statement line loan impairment and other credit risk provisions. Assets acquired in exchange for loans to achieve an orderly realisation are reflected in the balance sheet as a disposal of the loan and an acquisition of a new asset, initially booked at fair value.

Although the decrease in estimated future cash flows from a portfolio of loans cannot yet be identified with the individual loans in the portfolio, there may be indications that there is a measurable decrease in cash flows on portfolio level. These include adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults in the portfolio. This is dealt with through an allowance for incurred but not identified losses.

6.4 Results of operations for the years ended 31 December 2012 and 2011

Selected consolidated financial information

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling items)	(Underlying)	(Reported)	(Reconciling items)	(Underlying)
	(in millions of euros)					
Net interest income	5,028	—	5,028	4,998	—	4,998
Net fee and commission income	1,556	—	1,556	1,811	—	1,811
Other non-interest income	754	—	754	985	—	985
Operating income	7,338	—	7,338	7,794	—	7,794
Operating expenses	4,959	450	4,509	5,357	362	4,995
Impairment charges on loans and other receivables	1,228	—	1,228	1,757	—	1,757
Profit/(loss) before tax	1,151	(450)	1,601	680	(362)	1,042
Income tax (expense)/credit	203	(113)	316	(9)	(91)	82
Profit/(loss) for the period	**948**	**(337)**	**1,285**	**689**	**(271)**	**960**

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio	61%	64%
Return on average Equity (IFRS-EU)	10.0%	7.8%
Return on average RWA (in bps)	103	85

	As at 31 December	
	2012	2011
RWA/Total assets	31%	29%
Assets under Management (in EUR billion)	163.1	146.6
Risk-weighted assets (in EUR billion)	121.5	118.3
FTEs	23,059	24,225

Reconciling items

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2012 results:

- total identified integration costs amounted to EUR 448 million in 2012. They consisted of EUR 278 million in project costs, a slight increase of EUR 8 million related to the integration restructuring provision, which was recorded in 2010 and EUR 162 million recorded for the merger of the pension funds; and

- separation costs amounted to EUR 2 million in 2012.

In the full year ended 31 December 2012, these separation and integration related expenses totalled EUR 337 million (pre-tax: EUR 448 million).

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2011 results:

- total identified integration costs amounted to EUR 359 million in 2011. They consisted of EUR 381 million in project costs and a partial release of EUR 22 million related to the integration restructuring provision, which was booked in 2010. Integration project costs in 2011 were mainly attributable to programmes concerning the merger of the Markets dealing rooms and the migration of Commercial & Merchant Banking and Private Banking clients to the ABN AMRO systems; and

- separation costs amounted to EUR 3 million in 2011.

In the full year ended 31 December 2011, these separation and integration related expenses totalled EUR 362 million (net of tax: EUR 271 million).

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 increased by EUR 325 million, or 34%, to EUR 1,285 million, as compared to EUR 960 million for the year ended 31 December 2011. This increase was primarily the result of lower impairment charges on loans and other receivables and releases from the Credit Umbrella and other EC Remedy-related provisions, partially offset by a reassessment of tax positions related to prior years. Excluding divestments and large items underlying net profit would have been 34% lower than 2011 due mainly to a sharp increase in loan impairments.

The results in both the year ended 31 December 2012 and 2011 were influenced by several large items as well as by several divestments. See "*—Key factors affecting results of operation—Large items and divestments*" above.

Operating income

Underlying operating income for the year ended 31 December 2012 decreased by EUR 456 million, or 6%, to EUR 7,338 million, as compared to EUR 7,794 million for the year ended 31 December 2011. Excluding divestments, it declined by 2% This decrease is primarily the result of the decreases in net fee and commission income and net trading income discussed below. Out of total operating income, 82% of operating income was generated in the Netherlands, 12% came from the rest of Europe and 6% in the rest of the world.

Net interest income

Net interest income

	Year ended 31 December	
	2012	**2011**
	(in millions of euros)	
Interest income		
Cash and balances at central banks	5	32
Financial investments available-for-sale	351	344
Loans and receivables - banks	631	590
Loans and receivables - customers	11,116	11,487
Other	935	770
Total interest income	13,038	13,223
Interest expense		
Due to banks	474	686
Due to customers	3,385	3,280
Issued debt	1,882	2,068
Subordinated liabilities	271	203
Other	1,998	1,988
Total interest expense	8,010	8,225
Net interest income	**5,028**	**4,998**

Net interest income for the year ended 31 December 2012 increased slightly by EUR 30 million, or 1%, to EUR 5,028 million, as compared to EUR 4,998 million for the year ended 31 December 2011 as higher net interest income in Commercial & Merchant Banking was partially offset by lower net interest income in Retail & Private Banking. The rise in net interest income was driven mainly by improved margins on new mortgage production and other loans and higher net interest income in Merchant Banking (mainly Markets and ECT). Lower margins on savings and higher funding costs partly neutralised this rise. Divestments had a marginal negative impact on net interest income.

Net fee and commission income

Net fee and commission income

	Year ended 31 December	
	2012	**2011**
	(in millions of euros)	
Fee and commission income		
Securities and custodian services	1,179	1,106
Insurance and investment fees	94	110
Portfolio management and trust fees	362	392
Payment services	648	597
Guarantees and commitment fees	134	148
Other service fees	135	195
Total fee and commission income	2,552	2,548
Fee and commission expense		
Securities and custodian services	739	549
Insurance and investment fees	18	20
Portfolio management and trust fees	40	51
Payment services	168	70
Guarantees and commitment fees	9	14
Other service fees	22	33
Total fee and commission expense	996	737
Total net fee and commission income	**1,556**	**1,811**

Net fee and commission income decreased by 14% or EUR 255 million from EUR 1,811 million for the year ended 31 December 2011 to EUR 1,556 million for the year ended 31 December 2012. Excluding divestments, the decline in net fee and commission income would have been 8% Transaction volumes

(Retail and Private Banking clients in particular conducted fewer transactions) were lower due to market uncertainty. The decrease was further caused by a reclassification of costs for international payment services to fee expenses in 2012, and 2011 included several positive large items.

Net trading income

Net trading income

	Year ended 31 December	
	2012	**2011**
	(in millions of euros)	
Interest instruments trading	293	170
Equity trading	98	(40)
Foreign exchange transaction results	91	177
Other	(219)	(83)
Total	**263**	**224**

Net trading income for the year ended 31 December 2012 increased by EUR 39 million, or 17%, to EUR 263 million, as compared to EUR 224 million for the year ended 31 December 2011. This increase was mainly related to Merchant Banking.

Interest instruments trading benefitted from volume and results realised through short-term securities trading. Equity trading increased by EUR 138 million due to positive variation results between foreign exchange and equity trading positions. The decrease in foreign exchange results was mainly due to negative variation results between foreign exchange and equity trading positions and cancellation of specific financing transactions (EUR 33 million). Other trading income decreased mainly as a result of higher losses with respect to credit value adjustments (counterparty risk related to interest rate derivatives recorded under "Interest instruments trading").

Results from financial transactions

Results from financial transactions

	Year ended 31 December	
	2012	**2011**
	(in millions of euros)	
Net result on the sale of available-for-sale debt securities	8	(40)
Net result on the sale of available-for-sale equity investments	45	9
Impairments of available-for-sale equity investments	(4)	(4)
Other net results:		
Other equity investments	20	22
Dividends	18	57
Fair value changes in own credit risk and repurchase of own debt	(24)	44
Net result on risk mitigants	(16)	26
Other	(16)	160
Total	**31**	**274**

Results from financial transactions for the year ended 31 December 2012 decreased by EUR 243 million, or 89%, to EUR 31 million, as compared to EUR 274 million for the year ended 31 December 2011. This decrease was mainly driven by decreases in economic hedges and a revaluation of funding by private investment products, partially offset by net results on the sale of available-for-sale debt securities and of available-for-sale equity investments.

The result on Available-for-sale debt securities increased due to sale of German bonds (EUR 5 million) and Dutch bonds (EUR 3 million) in 2012. The loss in 2011 of EUR 40 million was caused by the sale of a part of its investment portfolio. On the Statement of financial position, EUR 300 million Italian government bonds matured as well as a sale of EUR 1.2 billion of Dutch, German and French bonds (gain EUR 16 million). Cash from matured and sold bonds was reinvested. The result related to Available-for-sale equity investments increased mainly due to the gain on the sale of London Metal Exchange shares in

2012 (EUR 36 million). Dividends decrease as a result of the lower performance of specific financing deals, which came to EUR 13 million (2011: EUR 53 million).

Fair value changes in own credit risk and repurchase of own debt decreased mainly due to a loss of EUR 24 million related to the debt value adjustment on own issued debt (2011: gain EUR 19 million). Furthermore, in 2012 the buy-back of own RMBS resulted in a loss of EUR 1 million (2011: gain EUR 25 million on the buy back of own issued covered bonds).

Net result on risk mitigants includes the negative result related to the ineffectiveness of specific hedge accounting programmes. More details on hedge accounting can be found in note 40 of the Notes to the Consolidated Income Statement for 2012.

"Other" mainly includes economic hedges (e.g. hedges not qualified for hedge accounting) amounting to EUR 11 million (2011: EUR 95 million). Revaluation of the funding by Private Investment Products, as far as they form part of the trading portfolio, resulted in a loss of EUR 109 million for 2012 (2011: gain EUR 76 million) due to developments of liquidity spread. Exchange rate changes resulted in a profit of EUR 76 million (2011: EUR 33 million).

Operating expenses

Underlying operating expenses for the year ended 31 December 2012 decreased by EUR 486 million, or 10%, to EUR 4,509 million, as compared to EUR 4,995 million for the year ended 31 December 2011. Excluding the impact of divestments, operating expenses declined by 6% Excluding the EUR 181 million restructuring charge taken in 2011 and the Dutch bank tax (EUR 112 million) in 2012, the operating expenses would have decreased by 4% This decrease was the result of additional cost synergies resulting from the integration, and reclassifications of leasing costs and costs for international payment services (EUR 118 million) to operating income. These were partially offset by wage inflation.

Personnel expenses decreased by EUR 292 million to EUR 2,246 million in 2012 as compared to 2,538 in 2011. This decrease was mainly due to a decrease in FTEs and divestments.

Other expenses decreased to EUR 2,263 million, down by 8% compared to 2011.

Operating result

The operating result increased modestly to EUR 2,829 million, up 1% compared to 2011. The underlying cost/income ratio improved to 61% in 2012 (from 64% in 2011). Excluding divestments and large items, the operating result would have decreased by 2% This improvement reflected the realisation of integration synergies and was in line with the targeted cost/income ratio of 60-65% set for year-end 2012 following the completion of the integration.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2012 decreased by EUR 529 million to EUR 1,228 million, as compared to EUR 1,757 million for the year ended 31 December 2011. The 2011 results include EUR 880 million of impairment charges for Greek government-guaranteed corporate exposures, whereas the 2012 results contain a release of EUR 125 million following the sale of part of the exposures. Excluding these, a sharp increase (54%) would have been recorded as the economic downturn led to higher impairment charges, especially in (commercial) real estate, construction, and diamond financing (reported in Private Banking) as well as in the mortgage portfolio. Impairment charges on mortgages increased from 10bps to 16bps (over the total mortgage book). The increase in impairments can also be partially explained by significant recoveries and releases in Merchant Banking in 2011 which did not recur in 2012.

Total impairment charges over average RWA (cost of risk) went down to 98bps in 2012 (from 156bps in 2011). Excluding the impairments on the Greek government-guaranteed corporate exposures, these figures would have been 108bps in 2012, 78bps for 2011.

Income tax expenses

The underlying effective tax rate increased 20% in 2012 from 8% in 2011. The effective tax rate went up primarily as a result of a reassessment of the tax positions related to prior years and a higher amount of tax-exempt income in 2011.

FTEs

The total number of full-time equivalents excluding temporary staff ("**FTEs**") declined by 1,166, or 5%, to 23,059 at year-end 2012 largely as a result of the progress made on the integration and the impact of divestments, partially offset by a rise in the number of FTEs as a result of a small acquisition in 2012.

Assets under Management

Assets under Management ("**AuM**") grew by EUR 16.5 billion to EUR 163.1 billion. This increase was mainly caused by market performance and an increase in net new assets.

Selected consolidated balance sheet movements

Selected consolidated balance sheet data

	At 31 December	
	2012	**2011**
	(in millions of euros)	
Assets		
Cash and balances at central banks	9,796	7,641
Financial assets held for trading	22,804	29,523
Financial investments	21,407	18,721
Loans and receivables – banks	46,398	61,319
Loans and receivables – customers	276,283	272,008
Other	17,716	15,470
Total assets	**394,404**	**404,682**
Liabilities		
Financial liabilities held for trading	18,782	22,779
Due to banks	21,263	30,962
Due to customers	216,021	213,616
Issued debt	94,043	96,310
Subordinated liabilities	9,566	8,697
Other	20,692	20,898
Total liabilities	**380,367**	**393,262**
Equity		
Equity attributable to shareholders of the parent company	14,018	11,400
Equity attributable to non-controlling interests	19	20
Total equity	**14,037**	**11,420**
Total liabilities and equity	**394,404**	**404,682**

Total assets

Total assets decreased by EUR 10.3 billion, from EUR 404.7 billion at 31 December 2011 to EUR 394.4 billion at 31 December 2012. This decrease was primarily due to a decline in securities financing client volumes and lower equity trade positions. This was partially offset by growth in commercial loans and higher market value of (OTC) derivatives.

The year-end 2012 balance sheet includes activities divested in 2012. See "*—Key factors affecting results of operations—Large items and divestments*" above.

Cash and balances at central banks

Cash and balances at central banks rose by EUR 2.2 billion to EUR 9.8 billion, predominantly due to an increase in overnight deposits placed at DNB.

Financial assets held for trading

Financial assets held for trading decreased to EUR 22.8 billion, due mainly to lower equity trade positions following uncertainty regarding the impact of Basel III, offset by higher market value of interest rate derivatives.

Loans and receivables – banks

Loans and receivables – banks decreased by EUR 14.9 billion (24%), mainly due to lower client securities financing volumes, down by EUR 13.5 billion, and the termination of a financing transaction offset by an increase in term deposits at central banks.

Loans and receivables – customers

Loans and receivables – customers increased by EUR 4.3 billion to EUR 276.3 billion at the end of December 2012 as a result of growth in commercial loan portfolio by EUR 6.2 billion, predominantly in Merchant Banking (especially Clearing) and, to a lesser extent, in Private Banking. The mortgage portfolio decreased slightly to EUR 153.9 billion as new production did not fully compensate redemptions.

The bulk of the loan book is generated in the Netherlands, reflecting the fact that the majority of ABN AMRO's business mix is located in the Netherlands.

Loans and receivables – customers

	At 31 December	
	2012	**2011**
	(in millions of euros)	
Loans and receivables – customers[(1)]	261,788	255,559
Retail & Private Banking	178,968	178,507
Commercial & Merchant Banking	77,450	72,075
Group Functions	5,370	4,977
Securities financing activities	14,495	16,449
Total loans and receivables – customers	**276,283**	**272,008**

(1) *This amount excludes securities financing activities.*

Total liabilities

Total liabilities decreased by EUR 12.9 billion, from EUR 393.3 billion at 31 December 2011 to EUR 380.4 billion at 31 December 2012. This decrease was primarily due to a large decrease in securities financing activities, partially offset by an increase in client deposits in Retail & Private Banking.

Financial liabilities held for trading

Financial liabilities held for trading decreased by EUR 4.0 billion to EUR 18.8 billion, due mainly to lower equity trade positions.

Due to customers

Due to customers increased by EUR 2.4 billion to EUR 216 billion at 31 December 2012 as compared to EUR 213.6 billion at 31 December 2011. This was primarily the result of growth in Retail (EUR 9.9 billion) and Private Banking (EUR 4.6 billion) deposits, offset by a decrease in securities financing volumes (down EUR 10.3 billion).

Due to customers

	At 31 December	
	2012	**2011**
	(in millions of euros)	
Total Deposits	200,541	187,797

	At 31 December	
	2012	2011
	(in millions of euros)	
Retail & Private Banking	140,815	126,279
Commercial & Merchant Banking	55,995	54,982
Group Functions	3,731	6,536
Other (including securities financing activities)	15,480	25,819
Total due to customers	**216,021**	**213,616**

Issued debt

Issued debt decreased by EUR 2.3 billion to EUR 94.0 billion. The decrease was due mainly to maturing long-term funding exceeding newly issued long-term funding in 2012.

Subordinated liabilities

Subordinated liabilities showed a net increase of EUR 0.9 billion to EUR 9.6 billion, mainly resulting from EUR 2.8 billion newly issued Tier 2 notes offset by the cancellation of the EUR 2.0 billion liability resulting from former mandatory convertible securities.

Total equity

At 31 December 2012, shareholders' equity grew by EUR 2.6 billion, or 18.5%, to EUR 14.0 billion as compared to EUR 11.4 billion at 31 December 2011. This was driven primarily by an increase of EUR 1.6 billion following the settlement with Ageas (including cancellation of the MCS liability) and EUR 0.9 billion of reported net profit.

Results of operations by segment for the years ended 31 December 2012 and 2011

ABN AMRO is organised into Retail & Private Banking ("**R&PB**"), Commercial & Merchant Banking ("**C&MB**") and Group Functions. For financial reporting purposes, the Managing Board adopted a further refinement of the segment reporting in 2011, as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions.

Retail Banking

Selected Retail Banking financial information

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income	2,604	—	2,604	2,671	—	2,671
Fee and commission income	465	—	465	490	—	490
Other non-interest income	36	—	36	51	—	51
Operating income	3,105	—	3,105	3,212	—	3,212
Operating expenses	1,692	4	1,688	1,776	11	1,765
Operating result	1,413	(4)	1,417	1,436	(11)	1,447
Impairment charges on loans and other receivables	383	—	383	276	—	276
Profit / (loss) before taxation	1,030	(4)	1,034	1,160	(11)	1,171
Income tax expense	259	(1)	260	280	(3)	283
Profit / (loss) for the period	**771**	**(3)**	**774**	**880**	**(8)**	**888**

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio	54%	55%
Return on average RWA (in bps)	252	272
Cost of risk (in bps)	125	84

	As at 31 December	
	2012	2011
Loan-to-deposit ratio	190%	218%
Loans and receivables – customers (in EUR billion)	161.7	162.6
Of which mortgages (in EUR billion)	150.4	151.5
Due to customers (in EUR billion)	81.9	72.0
Risk-weighted assets (in EUR billion)	30.1	32.3
FTEs	6,335	6,680

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 decreased by EUR 114 million, or 12%, to EUR 774 million, as compared to EUR 888 million for the year ended 31 December 2011. This decrease is a result of lower operating income and higher impairment charges.

Operating income

Operating income for the year ended 31 December 2012 decreased by EUR 107 million, or 3%, to EUR 3,105 million, as compared to EUR 3,212 million for the year ended 31 December 2011. This decrease resulted primarily from declines in net interest income and net fee and commission income discussed below.

Net interest income

Net interest income for the year ended 31 December 2012 decreased by EUR 67 million, or 3%, to EUR 2,604 million, as compared to EUR 2,671 million for the year ended 31 December 2011. This decrease resulted primarily from low market interest rate levels. The decreased margins could not be compensated by higher margins on new mortgages and on the consumer lending portfolio.

Net fee and commission income

Net fee and commission income decreased by EUR 25 million to EUR 465 million due to lower transaction volumes as a result of unfavourable marked conditions.

Operating expenses

Underlying operating expenses for the year ended 31 December 2012 decreased EUR 77 million to EUR 1,688 million, as compared to EUR 1,765 million for the year ended 31 December 2011.

Personnel expenses came down by 8% due to a lower average number of FTEs as the branch network was further optimised (reduction of number of branches to 408 in 2012).

Other expenses showed a marginal increase as the Dutch bank tax introduced in 2012 and higher losses for cybercrime were largely offset by a decrease in temporary staff expenses and inter-segment costs.

Operating result

The underlying operating result decreased by 2% The underlying cost/income ratio decreased to 54% from 55%

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2012 increased by EUR 107 million, or 39%, to EUR 383 million, as compared to EUR 276 million for the year ended 31 December 2011. The rise in impairment charges were mainly related to the residential mortgage portfolio, reflecting a deterioration in the economic environment in the Netherlands, particularly the housing market, compared with a year ago.

Risk-weighted assets

Despite lower house prices, Retail Banking's RWA decreased as a result of active management. The combination of higher loan impairment charges and lower RWA pushed up the cost of risk by 41 bps to 125bps.

Loans and receivables – customers

Loans and receivables – customers decreased slightly by EUR 0.9 billion to EUR 161.7 billion at 31 December 2012, as compared to EUR 162.6 billion at 31 December 2011. This decrease was predominantly apparent in mortgage loans, as the residential mortgage book (more than 90% of Retail Banking's loan book) decreased to EUR 150.4 billion.

The mortgage market slowed down further in 2012. Although the number of mortgage transactions remained at low levels and was again lower than in 2011, new mortgage production picked up in the second quarter due to an anticipated increase in the transfer tax. The number of mortgage transactions rallied towards the end of the fourth quarter as a result of the announced measures relating to interest deductibility as of 1 January 2013.

Due to customers

Due to customers rose by EUR 9.9 billion to EUR 81.9 billion at 31 December 2012 as compared to EUR 72.0 billion at 31 December 2011. The highly competitive Dutch market for retail savings recorded in the first quarter of 2012 eased up by the end of the year as the total market volume showed a significant increase in 2012. These developments combined with the successful roll-out of MoneYou in Germany and Belgium were the basis for growth in retail savings.

FTEs

FTEs in Retail Banking decreased by 345 to 6,335 at 31 December 2012, mainly due to further optimisation of the branch network and the transfer of several YourBusiness Banking account managers to Commercial Banking. This was partially offset by insourcing of the ICS call centre.

Private Banking

Selected Private Banking financial information

	Year ended 31 December					
	2012			**2011**		
	(Reported)	**(Reconciling)**	**(Underlying)**	**(Reported)**	**(Reconciling)**	**(Underlying)**
	(in millions of euros)					
Net interest income	537	—	537	558	—	558
Net fee and commission income	508	—	508	578	—	578
Other non-interest income	69	—	69	166	—	166
Operating income	1,114	—	1,114	1,302	—	1,302
Operating expenses	910	15	895	1,010	20	990
Operating result	204	(15)	219	292	(20)	312
Impairment charges on loans and other receivables	203	—	203	16	—	16
Profit / (loss) before taxation	1	(15)	16	276	(20)	296
Income tax expense	(34)	(4)	(30)	36	(5)	41
Profit / (loss) for the period	**35**	**(11)**	**46**	**240**	**(15)**	**255**

	Year ended 31 December	
	2012	**2011**
Underlying cost/income ratio	80%	76%
Return on average RWA (in bps)	34	187
Cost of risk (in bps)	148	12

	As at 31 December	
	2012	**2011**
Loan-to-deposit ratio	28%	28%
Loans and receivables – customers (in EUR billion)s	17.3	16.0
Of which mortgages (in EUR billion)	3.4	3.6
Due to customers (in EUR billion)	58.9	54.3
Risk-weighted assets (in EUR billion)	10.7	13.8

	As at 31 December	
	2012	2011
FTEs	3,648	3,746

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 declined by EUR 209 million to EUR 46 million, as compared to EUR 255 million for the year ended 31 December 2011. This was primarily the result of higher impairment charges and the sale of the Swiss Private Banking activities in the fourth quarter of 2011. The results of Private Banking include the results of ID&JG which fell sharply year-on-year due to higher impairment charges in 2012. Excluding the net result of ID&JG and the impact of the sale of the Swiss Private Banking activities, net profit would have decreased by EUR 38 million.

Operating income

Operating income for the year ended 31 December 2012 decreased by EUR 188 million, or 14%, to EUR 1,114 million, as compared to EUR 1,302 million for the year ended 31 December 2011. Excluding the divestment, operating income was almost unchanged.

Net interest income

Net interest income for the year ended 31 December 2012 decreased by EUR 21 million, or 4%, to EUR 537 million, as compared to EUR 558 million for the year ended 31 December 2011. This decrease was primarily the result of lower margins on savings products in the Netherlands, partly compensated by a switch out of investments into cash (mainly in Private Banking International).

Net fee and commission income

Net fee and commission income decreased by 12% due mainly to structurally lower fee income following the sale of the Swiss Private Banking activities and lower client activity. Other non-interest income decreased by EUR 97 million due to the divestment of the Swiss Private Banking activities.

Operating expenses

Underlying operating expenses for the year ended 31 December 2012 decreased by EUR 95 million, or 10%, to EUR 895 million, as compared to EUR 990 million for the year ended 31 December 2011. Operating expenses decreased following the sale of Swiss Private Banking activities. Excluding divestments, operating expenses decreased by 1%

Operating result

Underlying operating result decreased from EUR 312 million in 2011 to EUR 219 million in 2012. The underlying cost/income ratio fell by 4 percentage points (improved by 1 percentage point excluding divestments) to 80%

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables for the year ended 31 December 2012 rose by EUR 187 million to EUR 203 million, as compared to EUR 16 million for the year ended 31 December 2011. The majority of the increase was related to a few large impairments in the diamond financing activities and, to a lesser extent, to commercial real estate-linked exposures and some legacy products.

Loans and receivables – customers

Loans and receivables – customers rose by EUR 1.3 billion, or 9%, to EUR 17.3 billion at 31 December 2012 as compared to EUR 16.0 billion at 31 December 2011. This was mainly due to an increase in commercial loans internationally.

Due to customers

Due to customers increased EUR 4.6 billion, or 8%, from EUR 54.3 billion at 31 December 2011 to EUR 58.9 billion at 31 December 2012, as a result of deposit inflow and clients switching from securities to cash.

FTEs

The number of FTEs decreased by 98 to 3,648 in 2012 as a result of the integration of LGT Germany and cost efficiency measures in the Netherlands.

Assets under Management

Assets under Management ("**AuM**") increased by EUR 16.5 billion to EUR 163.1 billion. This increase was a result of improved market performance of the securities portfolio and net new assets of EUR 3.1 billion, mainly in Private Banking International.

AuM development

	At 31 December	
	2012	**2011**
	(in billions of euros)	
Opening balance AuM as at 1 January	146.6	164.2
Net new assets	3.1	0.9
Market performance	13.4	(9.3)
Divestments/acquisitions	—	(5.0)
Other (including sales/acquisitions)	—	(4.2)
Balance on 31 December	**163.1**	**146.6**

Commercial Banking

Selected Commercial Banking financial information

	Year ended 31 December					
	2012			**2011**		
	(Reported)	**(Reconciling)**	**(Underlying)**	**(Reported)**	**(Reconciling)**	**(Underlying)**
	(in millions of euros)					
Net interest income	1,264	—	1,264	1,231	—	1,231
Net fee and commission income	302	—	302	366	—	366
Other non-interest income	19	—	19	80	—	80
Operating income	1,585	—	1,585	1,677	—	1,677
Operating expenses	981	—	981	1,147	—	1,147
Operating result	604	—	604	530	—	530
Impairment charges on loans and other receivables	587	—	587	606	—	606
Profit / (loss) before taxation	17	—	17	(76)	—	(76)
Income tax expense	10	—	10	(12)	—	(12)
Profit / (loss) for the period	**7**	**—**	**7**	**(64)**	**—**	**(64)**

	Year ended 31 December	
	2012	**2011**
Underlying cost/income ratio	62%	68%
Return on average RWA (in bps)	3	(23)
Cost of risk (in bps)	214	221

	Year ended 31 December	
	2012	**2011**
Loan-to-deposit ratio	122%	122%

	Year ended 31 December	
	2012	**2011**
Loans and receivables – customers (in EUR billion)	42.4	41.9
Due to customers (in EUR billion)	34.4	34.0
Risk-weighted assets (in EUR billion)	28.8	28.3
FTEs	3,249	3,547

Profit/(loss) for the period

In 2012, net profit continued to be impacted by high impairment charges on loans and other receivables. Underlying profit for the year ended 31 December 2012 increased by EUR 71 million to EUR 7 million, as compared to a loss of EUR 64 million for the year ended 31 December 2011.

In alignment with market practice, as from 2012 lease costs are recorded under operating income (other non-interest income) and no longer under (other) operating expenses.

Operating income

Operating income for the year ended 31 December 2012 decreased by EUR 92 million to EUR 1,585 million, as compared to EUR 1,677 million for the year ended 31 December 2011, due mainly to the divestment of the international division of FCF in 2011 and the sale of the commercial insurance operations in 2012, and the reclassification of lease costs from (other) operating expenses to operating income (other non-interest income).

Net interest income

Net interest income for the year ended 31 December 2012 increased by EUR 33 million, or 3%, to EUR 1,264 million, as compared to EUR 1,231 million for the year ended 31 December 2011. Excluding the impact of the abovementioned divestments, net interest income would have increased by 6%, mainly as a result of volume growth in client lending.

Net fee and commission income

Net fee and commission income declined by EUR 64 million, due mainly to abovementioned divestments. Other non-interest income declined by EUR 61 million predominantly due to the reclassification of lease costs from other expenses.

Operating expenses

Underlying operating expenses for the year ended 31 December 2012 declined by EUR 166 million, or 14%, to EUR 981 million, as compared to EUR 1,147 million for the year ended 31 December 2011. This increase was primarily due to reclassification, the abovementioned divestments and lower intersegment costs.

Personnel expenses decreased by EUR 41 million to EUR 301 million, primarily as a result of divestments. Excluding divestments, personnel expenses showed limited growth. Other expenses fell by 16% to EUR 680 million, largely due to the reclassification of lease costs. Excluding these effects, other expenses decreased by 7%, primarily reflecting lower intersegment costs.

Operating result

The underlying operating result rose by 14% The underlying cost/income ratio improved from 68% in 2011 to 62% in 2012.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables amounted to EUR 587 million in 2012, down EUR 19 million compared with 2011. Impairment charges are still at elevated levels, with cost of risk at 214 bps. The construction, retail and (commercial) real estate-related sectors are among those affected.

Loans and receivables – customers

Loans and receivables – customers increased by EUR 0.4 billion to EUR 42.4 billion at 31 December 2012 from EUR 41.9 billion at 31 December 2011 due mainly to volume growth. This was offset by re-allocation of certain positions to Markets and Retail Banking.

Due to customers

Due to customers increased EUR 0.4 billion, or 1%, to EUR 34.4 billion at 31 December 2012 from EUR 34.0 billion at 31 December 2011. The increase was a result of business growth in both Business Banking and Corporate Clients, offset by the re-allocation of positions to Markets and Retail Banking.

FTEs

The number of FTEs declined by 298, or 8%, to 3,249 mainly due to the sale of the commercial insurance activities and the transfer of SME insurance activities to ABN AMRO Verzekeringen.

Merchant Banking

Selected Merchant Banking financial information

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income	652	—	652	546	—	546
Net fee and commission income	376	—	376	364	—	364
Other non-interest income	433	—	433	420	—	420
Operating income	1,461	—	1,461	1,330	—	1,330
Operating expenses	943	3	940	883	23	860
Operating result	518	(3)	521	447	(23)	470
Impairment charges on loans and other receivables	256	—	256	27	—	27
Profit / (loss) before taxation	262	(3)	265	420	(23)	443
Income tax expense	20	(1)	21	16	(6)	22
Profit / (loss) for the period	**242**	**(2)**	**244**	**404**	**(17)**	**421**

	Year ended 31 December	
	2012	2011
Underlying cost/income ratio	64%	65%
Return on averaged RWA (in bps)	55	131
Cost of risk (in bps)	58	8

	Year ended 31 December	
	2012	2011
Loan-to-deposit ratio	155%	137%
Loans and receivables – customers (in EUR billion)	49.6	46.6
Due to customers (in EUR billion)	37.0	46.6
Risk-weighted assets (in EUR billion)	45.5	36.1
FTEs	2,142	1,998

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 decreased by EUR 177 million to EUR 244 million, as compared to EUR 421 million for the year ended 31 December 2011. This decrease primarily resulted from higher impairment charges partially offset by a higher operating result.

Operating income

Operating income increased by EUR 131 million, or 10%, to EUR 1,461 million compared to EUR 1,330 million in 2011. This increase resulted from gains in net interest income and non-interest income discussed below.

Net interest income

Net interest income for the year ended 31 December 2012 increased by EUR 106 million, or 19%, to EUR 652 million, as compared to EUR 546 million for the year ended 31 December 2011. This increase was due mainly to higher interest income in Market activities and, to a lesser extent, ECT.

Net fee and commission income

Net fee and commission income increased by EUR 12 million, or 3%, to EUR 376 million from EUR 364 million. This increase mainly reflected growth in the ECT business offset by lower volumes at Clearing. Other non-interest income increase by EUR 13 million, or 3%, to EUR 433 million from EUR 420 million which reflected better results in Markets sales and trading, offset by lower private equity results and a one-off gain last year.

Operating expenses

Underlying operating expenses increased by EUR 80 million, or 9%, to EUR 940 million, as compared to EUR 860 million in 2011, due primarily to the impact of the Dutch bank tax.

Personnel expenses increased by 7% to EUR 306 million due mainly to the growth of the foreign operations and the acquisition of RBS professionals from RBS N.V. Other expenses increased by EUR 59 million, or 10%, to EUR 634 million, mainly reflecting the impact of the Dutch bank tax, offset by slightly lower intersegment costs.

Operating result

The underlying operating result increased 11% to EUR 521 million in 2012. The underlying cost/income ratio improved to 64% from 65% in 2011.

Impairment charges on loans and other receivables

Impairments charges on loans and other receivables over 2012 amounted to EUR 256 million. 2011 showed a charge of EUR 27 million as significant releases were recorded. Several impairments were recorded in the public and real estate sectors in 2012. Cost of risk increased to 58 bps (from 8 bps in 2011).

Loans and receivables – customers

Loans and receivables – customers increased by EUR 3 billion to EUR 49.6 billion at 31 December 2012 from EUR 46.6 billion at 31 December 2011. This increase was mainly driven by a decrease in client volumes in securities financing activities, offset by growth in LC&MB's commercial loan portfolio and at Clearing.

Due to customers

Due to customers decreased EUR 9.6 billion to EUR 37.0 billion at 31 December 2012 from EUR 46.6 billion at 31 December 2011, due mainly to lower client volumes in the securities financing activities.

FTEs

The number of FTEs rose by 144 to 2,142 due to the growth of the foreign operations and the acquisition of certain RBS professionals to strengthen certain product capabilities.

Group Functions

The majority of the costs of Group Functions are allocated to the business segments. Items that are not allocated to the business segments include, among other things, the operating result from ALM/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

Selected Group Functions financial information

	Year ended 31 December					
	2012			2011		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income	(29)	—	(29)	(8)	—	(8)
Net fee and commission income	(95)	—	(95)	13	—	13
Other non-interest income	197	—	197	268	—	268
Operating income	73	—	73	273	—	273
Operating expenses	433	428	5	541	308	233
Operating result	(360)	(428)	68	(268)	(308)	40
Impairment charges on loans and other receivables	(201)	—	(201)	832	—	832
Profit / (loss) before taxation	(159)	(428)	269	(1,100)	(308)	(792)
Income tax expense	(52)	(107)	55	(329)	(77)	(252)
Profit / (loss) for the period	**(107)**	**(321)**	**214**	**(771)**	**(231)**	**(540)**

	As at 31 December	
	2012	2011
Loans and receivables – customers (in EUR billions)	5.4	5.0
Due to customers (in EUR billions)	3.7	6.7
Risk-weighted assets (in EUR billions)	6.4	7.8
FTEs	7,685	8,254

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2012 increased by EUR 754 million to EUR 214 million, as compared to a loss of EUR 540 million for the year ended 31 December 2011.

Operating income

Underlying operating income for the year ended 31 December 2012 decreased by EUR 200 million, or 73%, to EUR 73 million, as compared to EUR 273 million for the year ended 31 December 2011 of which EUR 30 million resulted from the divestment of activities.

Net interest income

Net interest income for the year ended 31 December 2012 declined by EUR 21 million to a loss of EUR 29 million, as compared to a loss of EUR 8 million for the year ended 31 December 2011. This decline was due largely to higher funding costs resulting from the lengthening of the funding maturity profile and higher capital costs related to the newly issued subordinated debt instruments.

Net fee and commission income

Net fee and commission income declined by EUR 108 million to a loss of EUR 95 million from 2011. This decline mainly reflects the effect of divestments, the occurrence of several positive large items in 2011 and a reclassification of international payment fees from other expenses in 2012.

Other non-interest income dropped by EUR 71 million to EUR 197 million as the positive impact of releases from the Credit Umbrella and other EC Remedy-related provisions (EUR 215 million) was more than offset by fair value changes to structured funding instruments, the result of movements in interest rates, lower market valuations of the trading book and the impact of hedge accounting ineffectiveness.

Operating expenses

Underlying operating expenses for the year ended 31 December 2012 decreased by EUR 228 million, or 98%, to EUR 5 million, as compared to EUR 233 million for the year ended 31 December 2011. Excluding divested activities, operating expenses went down by EUR 148 million.

Personnel expenses decreased in 2012, driven primarily by a EUR 165 million decline in the restructuring provisions from 2011 to 2012 and by the impact of divestments.

Other expenses declined, due mainly to lower maintenance and depreciation expenses following the positive effect of the disposal of property, the abovementioned reclassification of international payment fees, lower housing costs and higher intersegment revenues, and the impact of divestments.

Impairment charges on loans and other receivables

Loan impairments moved from EUR 832 million in 2011 to a EUR 201 million impairment release for 2012. This was mainly the result of EUR 880 million impairment charges for Greek government-guaranteed corporate exposures in 2011 plus an impairment release following the sale of a tranche of those positions (EUR 125 million) in 2012.

FTEs

The number of FTEs fell by 569 to 7,685 FTEs. The decrease in FTEs relates primarily to the integration and natural attrition.

6.5 Results of operations for the years ended 31 December 2011 and 2010

Selected consolidated financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling items)	(Underlying)	(Reported)	(Reconciling items)	(Underlying)
			(in millions of euros)			
Net interest income	4,998	—	4,998	4,905	—	4,905
Net fee and commission income	1,811	—	1,811	1,766	—	1,766
Other non-interest income	985	—	985	126	(862)	988
Operating income	7,794	—	7,794	6,797	(862)	7,659
Operating expenses	5,357	362	4,995	6,229	894	5,335
Loan impairment	1,757	—	1,757	837	—	837
Profit/(loss) before tax	680	(362)	1,042	(269)	(1,756)	1,487
Income tax (expense)/credit	(9)	(91)	82	145	(265)	410
Profit/(loss) for the period	**689**	**(271)**	**960**	**(414)**	**(1,491)**	**1,077**

	Year ended 31 December	
	2011	2010(1)
Underlying cost/income ratio	64%	70%
Return on average Equity (IFRS-EU)	7.8%	8.9%(1)
Return on average RWA (in bps)	85	93(1)

	As at 31 December	
	2011	2010(1)
RWA/Total assets	29%	31%
Assets under Management (in EUR billion)	146.6	164.2
Risk-weighted assets (in EUR billion)	118.3	116.3
FTEs	24,225	26,161

(1) *The 2010 average figures are based on year-end 2010 position instead of average.*

Reconciling items

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2011 results:

- total identified integration costs amounted to EUR 359 million in 2011. They consisted of EUR 381 million in project costs and a partial release of EUR 22 million related to the integration restructuring provision, which was booked in 2010. Integration project costs in 2011 were mainly attributable to programmes concerning the merger of the Markets dealing rooms and the migration of Commercial & Merchant Banking and Private Banking clients to the ABN AMRO systems; and

- separation costs amounted to EUR 3 million in 2011.

In the full year ended 31 December 2011, these separation and integration related expenses totalled EUR 362 million (net of tax: EUR 271 million).

In the discussion of ABN AMRO's underlying results, the following adjustments for separation and integration related items were made to the reported year ended 31 December 2010 results:

- related to the EC Remedy, there was a EUR 862 million decrease in non-interest income, a decrease of EUR 17 million in operating expenses (resulting in net costs of a EUR 845 million pre-tax) and a EUR 33 million tax credit. This resulted in a total net loss of EUR 812 relating to the EC Remedy;

- other separation and integration costs resulted in a pre-tax increase of EUR 911 million in operating expenses (EUR 679 million net-of-tax), consisting of EUR 141 million in pre-tax separation costs (EUR 105 million net-of-tax), EUR 319 million in pre-tax integration costs (EUR 238 million net-of-tax) and EUR 451 million for restructuring, personnel and housing provision, (EUR 336 million net-of-tax). The reported results of the first half of 2010 included a provision of EUR 469 million, of which EUR 18 million was released again in the fourth quarter of 2010; and

- the EUR 894 million operating expenses adjustment in 2010 reflects the EUR 911 million of separation and integration costs described above, net of a release of EUR 17 million in operating expenses.

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 decreased by EUR 117 million, or 11%, to EUR 960 million, as compared to EUR 1,077 million for the year ended 31 December 2010. This decrease was primarily the result of the rapidly deteriorating macro-economic environment over 2011. Substantially higher loan impairments eroded the second half profit completely. More than 80% of the full-year loan impairments were accounted for in the second half of 2011.

The results in both the year ended 31 December 2011 and 2010 were influenced by several large items as well as by several divestments. See "*—Key factors affecting results of operation—Large items and divestments*" above.

Operating income

Underlying operating income for the year ended 31 December 2011 increased by EUR 135 million, or 2%, to EUR 7,794 million, as compared to EUR 7,659 million for the year ended 31 December 2010. This increase is primarily the result of the increases in net interest income and net fee and commission income discussed below. Out of total operating income, 82% of operating income was generated in the Netherlands and 14% came from the rest of Europe.

Net interest income

In spite of several divestments and unfavourable economic circumstances, net interest income for the year ended 31 December 2011 increased by EUR 93 million, or 2%, to EUR 4,998 million, as compared to EUR 4,905 million for the year ended 31 December 2010. The increase in interest income was mainly driven by volume growth of the commercial loan portfolio (Commercial & Merchant Banking, especially in ECT). This was partly offset by a combination of a decline in mortgage loan volumes, pressure on deposit margins due to increased competition and higher funding spreads. The net interest margin, in basis points of average total assets, remained virtually unchanged at 125bps in 2011.

Net fee and commission income

Net fee and commission income

	Year ended 31 December	
	2011	**2010**
	(in millions of euros)	
Fee and commission income		
Securities and custodian services	1,106	1,095
Insurance and investment fees	110	113
Portfolio management and trust fees	392	437
Payment services	597	583
Guarantees and commitment fees	148	92
Other service fees	195	230
Total fee and commission income	2,548	2,550
Fee and commission expense		
Securities and custodian services	549	510
Insurance and investment fees	20	19
Portfolio management and trust fees	51	5
Payment services	70	76
Guarantees and commitment fees	14	166
Other service fees	33	8
Total fee and commission expense	737	784
Total net fee and commission income	**1,811**	**1,766**

Net fee and commission income increased by 3% or EUR 45 million from EUR 1,766 million for the year ended 31 December 2010 to EUR 1,811 million for the year ended 31 December 2011. This increase was mainly driven by lower costs for a credit protection instrument. Net fees and commissions were under pressure in 2011, due to lower transaction volumes as a consequence of adverse market conditions.

Net trading income

Net trading income

	Year ended 31 December	
	2011	**2010**
	(in millions of euros)	
Interest instruments trading	170	43
Equity trading	(40)	91
Foreign exchange transaction results	177	162
Other	(83)	8
Total	**224**	**304**

Net trading income for the year ended 31 December 2011 decreased by EUR 80 million, or 26%, to EUR 224 million, as compared to EUR 304 million for the year ended 31 December 2010. This decrease was mainly due to losses in trading-index derivatives of EUR 131 million, losses on other trading derivatives of EUR 51 million and higher CVA losses (counterparty risk related to interest rate derivatives) of EUR 40 million (2010: loss of EUR 12 million) in Merchant Banking. The decrease was partly offset by the increase in Interest instruments trading, which was mainly due to a higher volume of trading and the increase in market value of derivatives held for trading during 2011.

Results from financial transactions

ABN AMRO results from financial transactions

	Year ended 31 December	
	2011	**2010**
	(in millions of euros)	
Net result on the sale of available-for-sale debt securities	(40)	92
Net result on the sale of available-for-sale equity investments	9	1
Impairments of available-for-sale equity investments	(4)	(4)
Other net results:		
Other equity investments	22	49
Government bonds designated through profit or loss	—	(30)
Dividends	57	9
Fair value changes in own credit risk and repurchase of own debt	44	182
Net result on risk mitigants	26	9
Other	160	22
Total	**274**	**330**

Results from financial transactions for the year ended 31 December 2011 decreased by EUR 56 million, or 17%, to EUR 274 million, as compared to EUR 330 million for the year ended 31 December 2010. This decrease was mainly driven by the replacement of high-yield government bonds, which resulted in a loss of EUR 40 million during 2011.

Fair value changes of other equity investments held at fair value through profit or loss are included in other equity investments in the amount of EUR 8 million (2010: EUR 34 million).

During 2011 ABN AMRO recorded a profit of EUR 25 million (2010: EUR 175 million) related to the buy back of own issued covered bonds recorded in Fair value changes in own credit risk and repurchase of own debt.

Net result on risk mitigants comprises the ineffectiveness of the various hedge accounting programmes and the unwinding of capital management-related guarantee transactions.

"Other" mainly includes economic hedges (e.g. hedges not qualified for hedge accounting) amounting to EUR 95 million (2010: EUR 22 million).

Operating expenses

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 340 million, or 6%, to EUR 4,995 million, as compared to EUR 5,335 million for the year ended 31 December 2010 (which excludes the net EUR 362 (pre-tax) operating expenses adjustment reflecting the separation and integration items in 2011).

Personnel expenses, which included a EUR 187 million restructuring provision, remained unchanged in 2011 compared to 2010. Excluding the impact of the restructuring provision, personnel expenses would have decreased by 7% due to a reduction in the number of FTEs (resulting from divestments and the integration), though this was partly offset by higher pension costs and wage inflation.

Other expenses decreased to EUR 2,457 million, down by 12% from 2010, which included EUR 305 million in litigation costs and provisions.

Operating result

The operating result grew sharply to EUR 2,799 million, up 20% compared to 2010. The underlying cost/income ratio improved to 64% in 2011 (from 70% in 2010). This improvement reflected the realisation of integration synergies.

Loan impairments

Loan impairments for the year ended 31 December 2011 increased substantially by EUR 920 million to EUR 1,757 million, as compared to EUR 837 million for the year ended 31 December 2010. The increase relates largely to loan impairments of EUR 880 million on Greek government-guaranteed corporate exposures. Excluding these, loan impairments would have gone up by EUR 40 million or 5%, caused by higher impairments in Commercial & Merchant Banking, predominantly in Commercial Banking. Loan impairments in Private Banking declined sharply.

Total loan impairments over average RWA (cost of risk) went up to 156bps in 2011 (from 72bps in 2010[9]).Excluding the impairments on the Greek Government-Guaranteed Corporate Exposures, this figure would have been 78bps for 2011.

Income tax expenses

The underlying effective tax rate dropped to 8% in 2011 from 28% in 2010. The decline was largely driven by tax exempt gains and a tax provision release in 2011.

FTEs

The total number of full-time equivalents excluding temporary staff ("**FTEs**") declined by 1,936 to 24,225 at year-end 2011 as a result of the integration as well as divestments of Prime Fund Solutions (a decline of 472 FTEs), the international division of Fortis Commercial Finance (a decline of 492 FTEs), and the Swiss Private Banking activities (a decline of 323 FTEs).

Assets under Management

Assets under Management ("**AuM**") decreased to EUR 146.6 billion, down from EUR 164.2 billion at yearend 2010. This decline was mainly caused by the negative market performance (EUR -9.3 billion) and disposal of the Swiss Private Banking activities, but was compensated by the acquisition of LGT Germany (net effect of disposal and acquisition was EUR -5.0 billion) and a net inflow of EUR 0.9 billion. Some legislative changes in the Netherlands[10] explain the remaining decline in AuM (a decline of EUR 4.2 billion).

Selected consolidated balance sheet movements

Selected consolidated balance sheet data

	At 31 December	
	2011	**2010**
	(in millions of euros)	
Assets		
Cash and balances at central banks	7,641	906
Financial assets held for trading	29,523	24,300
Financial investments	18,721	20,197
Loans and receivables – banks	61,319	41,117
Loans and receivables – customers	272,008	273,944
Other	15,470	16,818
Total assets	**404,682**	**377,282**
Liabilities		
Financial liabilities held for trading	22,779	19,982
Due to banks	30,962	21,536
Due to customers	213,616	209,466
Issued debt	96,310	86,591
Subordinated liabilities	8,697	8,085
Other	20,898	19,510
Total liabilities	**393,262**	**365,170**
Equity		
Equity attributable to shareholders of the parent company	11,400	12,099

9 The 2010 figures are based on year-end RWA position instead of average RWA.

10 An amendment to the Dutch Securities Giro Transfer Act resulted in cancellation of the physical delivery of securities as of 1 July 2011, which means that investors have had to register physical securities with Euroclear Netherlands, the Dutch Central Securities Depositary.

	At 31 December	
	2011	2010
	(in millions of euros)	
Equity attributable to minority interests	20	13
Total equity	**11,420**	**12,112**
Total liabilities and equity	**404,682**	**377,282**

Total assets

Total assets increased by almost EUR 27.4 billion, from EUR 377.3 billion (on a harmonised basis) at 31 December 2010 to EUR 404.7 billion at 31 December 2011. This increase was primarily due to the client-driven growth in securities financing activities, an increase in swaps derivatives volume, and the loan portfolio. In addition, market circumstances resulted in higher market valuations of derivatives and expansion of the cash component of the liquidity buffer.

The year-end 2010 balance sheet includes activities divested in 2011. See "—*Key factors affecting results of operations—Large items and divestments*".

Cash and balances

Cash and balances with central banks rose by EUR 6.7 billion to EUR 7.6 billion, predominantly due to overnight deposits placed at DNB.

Loans and receivables – banks

Loans and receivables – banks rose sharply by EUR 20.2 billion (49.1%), mainly due to a steady increase in client flows in securities financing activities, higher collateral requirements for the derivatives activities and the expansion of the liquidity buffer.

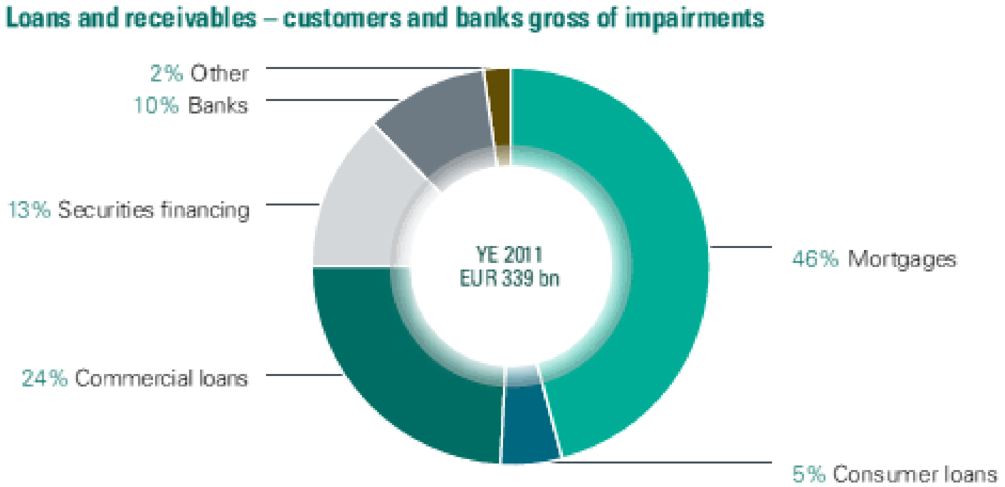
Loans and receivables – customers

Loans and receivables – customers decreased by EUR 1.9 billion to EUR 272.0 billion at the end of December 2011 as the net result of:

- growth in client-driven securities financing volumes;
- loans and receivables – customers excluding securities financing declined by EUR 4.0 billion. Growth in the loan portfolio of Commercial Banking and ECT[11] was more than offset by a decrease in the residential mortgage loan portfolio, predominantly due to accounting changes and lower new mortgage production, the divestment of the international division of Fortis Commercial Finance and a reduction in current accounts following a harmonisation of netting principles (impact of EUR 6.1 billion).

The bulk of the loan book is generated in the Netherlands (more than 90%), reflecting the fact that the majority of ABN AMRO's business mix is located in the Netherlands.

[11] Total ECT loan book was EUR 13.4 billion at year-end 2011.



Total liabilities

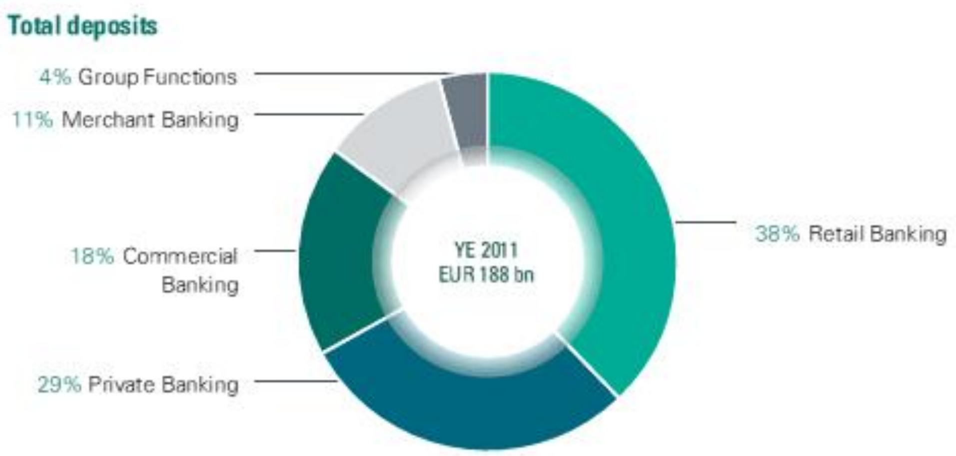
Total liabilities increased by EUR 28.1 billion, from EUR 365.2 billion (on a harmonised basis) at 31 December 2010 to EUR 393.3 billion at 31 December 2011. This increase was primarily due to increased securities financing flows and a larger amount of issued debt outstanding.

Due to banks

Due to banks increased by EUR 9.4 billion to EUR 31.0 billion at 31 December 2011, as compared to EUR 21.5 billion at 31 December 2010. This was mainly the result of higher securities financing deposits.

Due to customers

Due to customers increased by EUR 4.2 billion to EUR 213.6 billion at 31 December 2011 as compared to EUR 209.5 billion (on a harmonised basis) at 31 December 2010. This was primarily the result of growth in Retail and Private Banking deposits, which were offset by the sale of Prime Fund Solutions ("**PFS**") and the Swiss Private Banking activities, and the abovementioned reduction in current accounts of EUR 6.1 billion following a harmonisation of netting principles. In addition, a rise in securities financing deposits due to increased client flows was partly neutralised by a harmonisation of netting principles.



Issued debt

At 31 December 2011, ABN AMRO had issued debt securities in the amount of EUR 96.3 billion, which represented an increase of EUR 9.7 billion, or 11%, compared to EUR 86.6 billion at 31 December 2010.

Total equity

At 31 December 2011, shareholders' equity decreased by EUR 0.7 billion, or 6%, to EUR 11.4 billion as compared to EUR 12.1 billion at 31 December 2010. This decrease was the result of a decline of EUR 1.2 billion in the special component of equity ("**SCE**"), partly offset by the retained part of the reported net profit. The SCE includes the effective portion of fair market value fluctuations[12] of interest rate derivatives used for macro cash flow hedge accounting relating to assets and liabilities not reported at fair market value.

Results of operations by segment for the years ended 31 December 2011 and 2010

ABN AMRO is organised into Retail & Private Banking ("**R&PB**"), Commercial & Merchant Banking ("**C&MB**") and Group Functions. For financial reporting purposes, the Managing Board adopted a further refinement of the segment reporting in 2011, as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions. As from 2011, the majority of the costs of Group Functions have been allocated to business segments[13]. This change affects the year-on-year segment comparison.

Retail Banking

Selected Retail Banking financial information

	Year ended 31 December					
	2011			**2010**		
	(Reported)	**(Reconciling)**	**(Underlying)**	**(Reported)**	**(Reconciling)**	**(Underlying)**
	(in millions of euros)					
Net interest income	2,671	—	2,671	2,945	—	2,945
Non-interest income	541	—	541	594	—	594
Operating income	3,212	—	3,212	3,539	—	3,539
Operating expenses	1,776	11	1,765	1,799	32	1,767
Operating result	1,436	(11)	1,447	1,740	(32)	1,772
Loan impairments	276	—	276	271	—	271
Profit / (loss) before taxation	1,160	(11)	1,171	1,469	(32)	1,501
Income tax expense	280	(3)	283	366	(8)	374
Profit / (loss) for the period	**880**	**(8)**	**888**	**1,103**	**(24)**	**1,127**

	Year ended 31 December	
	2011	**2010**[(1)]
Underlying cost-to- income ratio	55%	50%

	As at 31 December	
	2011	**2010**[(1)]
Loan-to-deposit ratio	218%	240%
Loans and receivables – customers (in EUR billion)	162.6	167.5

[12] Fair value movements of derivatives that mirror cash flow variability (the effective portion) of hedges on non-trading assets and liabilities is recorded in the cash flow hedge reserve, part of the SCE. The remainder of fair value movements on the interest rate derivatives (ineffective portion) is recorded in the income statement.

[13] Items that are not allocated to the businesses include the operating results from ALM/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

	As at 31 December	
	2011	**2010**[(1)]
Of which mortgages (in EUR billion)	151.5	155.2
Due to customers (in EUR billion)	72.0	69.7
Risk-weighted assets (in EUR billion)	32.3	35.1
Return on average RWE (in bps)	272	321[(1)]
FTEs	6,680	7,116

(1) *The 2010 average figures are based on year-end 2010 position instead of average.*

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 decreased by EUR 239 million, or 21%, to EUR 888 million, as compared to EUR 1,127 million for the year ended 31 December 2010 (which excludes the net impact of separation and integration related items of EUR 8 million (net-of-tax) in 2011 and EUR 24 million (net-of-tax) in 2010, respectively). This decrease is primarily a result of the transfer of SME portfolios to Commercial Banking and a mismatch result to Group Functions.

Operating income

Operating income for the year ended 31 December 2011 decreased by EUR 327 million, or 9%, to EUR 3,212 million, as compared to EUR 3,539 million for the year ended 31 December 2010. This decrease resulted primarily from declines in net interest income and non-interest income discussed below.

Net interest income

Net interest income for the year ended 31 December 2011 decreased by EUR 274 million, or 9%, to EUR 2,671 million, as compared to EUR 2,945 million for the year ended 31 December 2010. This decrease resulted primarily from the transfers of SME portfolios to Commercial Banking (total impact of EUR 189 million). In addition to these transfers, both loan margins and volumes shrank over the course of 2011. The total loan portfolio decreased by 3% to EUR 162.6 billion. Net interest income on the mortgage portfolio declined as a result of a lower average volume and lower margins on mortgages with a variable interest rate.

The average volume of client deposits grew compared to year-end 2010. However, the positive volume impact was offset by lower margins due to increases in client rates throughout the year as competition in the savings market increased.

Non-interest income

Non-interest income for the year ended 31 December 2011 decreased by EUR 53 million, or 9%, to EUR 541 million, as compared to EUR 594 million for the year ended 31 December 2010. Net fee and commission income decreased by EUR 14 million to EUR 490 million due to lower transaction volumes as a result of economic uncertainty.

Other non-interest income showed a EUR 39 million decrease as results from joint ventures and other equity accounted investments in 2011 were lower compared to 2010. In addition, 2010 included a one-off gain on the sale of a mortgage portfolio.

Operating expenses

Underlying operating expenses for the year ended 31 December 2011 remained flat at EUR 1,765 million, as compared to EUR 1,767 million for the year ended 31 December 2010 (which excludes the separation and integration related items of EUR 11 million (pre tax) in 2011 and EUR 32 million (pre tax) in 2010, respectively). This was primarily because integration synergies and the transfer of activities to Group Functions and Commercial Banking were fully offset by higher internal cost allocation.

Personnel expenses came down by 10% due to the integration of the branch network, which led to a reduction in the number of FTEs, and the transfer of activities and related personnel to C&MB and Group Functions.

Other expenses increased by 5% The cost benefits from the transfer of activities to Group Functions were more than offset by an increase in allocated costs.

Operating result

The underlying operating result decreased by 18% The underlying cost/income ratio increased to 55% from 50%

Loan impairments and other credit risk provisions

Loan impairments for the year ended 31 December 2011 increased marginally by EUR 5 million, or 2%, to EUR 276 million, as compared to EUR 271 million for the year ended 31 December 2010. Despite economic circumstances, impairments on the mortgage portfolio were marginally lower. Impairments on consumer loans slightly increased. The combination of an increase in loan impairments and a decrease in RWA resulted in an increase in the cost of risk by 7bps to 84bps over 2011.

Risk-weighted assets

RWA were EUR 2.8 billion lower than in 2010, mainly due to a reduction of RWA add-ons following the completion of the integration of the former FBN and ABN AMRO IT systems.

Loans and receivables – customers

Loans and receivables – customers decreased by EUR 4.9 billion to EUR 162.6 billion at 31 December 2011, as compared to EUR 167.5 billion at 31 December 2010, mainly due to the transfer of an SME portfolio to Commercial Banking in 2011 and a decline in the mortgage portfolio.

More than 90% of Retail Banking's loan book is comprised of prime Dutch residential mortgages. The residential mortgage portfolio decreased by EUR 3.7 billion, approximately half of which was related to a reclassification[14] to consumer loans (no impact on total movement of Loans and receivables – customers). The current economic downturn combined with uncertainty regarding the fiscal treatment of mortgage interest contributed to a decrease in the number of transactions.

Excluding the abovementioned reclassification, consumer loans declined somewhat. The decrease occurred predominantly in the first half of the year as households used their holiday payments to redeem loans. The total market volume for consumer loans was virtually stable compared to 2010.

Due to customers

Due to customers rose by EUR 2.3 billion to EUR 72.0 billion at 31 December 2011 as compared to EUR 69.7 billion at 31 December 2010. This growth was realised in a highly competitive market and was evenly divided over the first and second halves of the year. The increase in the second half of 2011 was driven mainly by the successful launch of MoneYou in Germany.

FTEs

FTEs in Retail Banking decreased by 436 to 6,680 at 31 December 2011, mainly due to further optimisation of the branch network and the closing of branches as part of the integration.

Private Banking

Selected Private Banking financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income.............	558	—	558	485	—	485
Net fee and commission income............................	578	—	578	652	—	652

14 Consumer loans collateralised with residential property.

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Other non-interest income	166	—	166	89	—	89
Operating income	1,302	—	1,302	1,226	—	1,226
Operating expenses	1,010	20	990	1,097	43	1,054
Operating result	292	(20)	312	129	(43)	172
Loan impairments	16	—	16	71	—	71
Profit / (loss) before taxation	276	(20)	296	58	(43)	101
Income tax expense	36	(5)	41	26	(11)	37
Profit / (loss) for the period	**240**	**(15)**	**255**	**32**	**(32)**	**64**

	Year ended 31 December	
	2011	2010[(1)]
Underlying cost/income ratio	76%	86%

	As at 31 December	
	2011	2010[(1)]
Loan-to-deposit ratio	28%	31%
Loans and receivables – customers (in EUR billion)	16.0	16.4
Of which mortgages (in EUR billion)	3.6	4.2
Due to customers (in EUR billion)	54.3	53.5
Risk-weighted assets (in EUR billion)	13.8	14.5
Return on average RWA (in bps)	187	44[(1)]
FTEs	3,746	4,016

(1) *The 2010 average figures are based on year-end 2010 position instead of average.*

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 increased by EUR 191 million to EUR 255 million, as compared to EUR 64 million for the year ended 31 December 2010 (which excludes the net impact of separation and integration related items of EUR 15 million (net-of-tax) in 2011 and EUR 32 million (net-of-tax) in 2010, respectively). This was primarily the result of a book gain on the sale of the Swiss Private Banking activities, lower operating expenses and lower loan impairments.

Operating income

Operating income for the year ended 31 December 2011 increased by EUR 76 million, or 6%, to EUR 1,302 million, as compared to EUR 1,226 million for the year ended 31 December 2010. This increase resulted primarily from higher interest results and a book gain on the sale of the Swiss Private Banking activities in 2011.

Net interest income

Net interest income for the year ended 31 December 2011 increased by EUR 73 million, or 15%, to EUR 558 million, as compared to EUR 485 million for the year ended 31 December 2010. This increase was primarily the result of higher deposit volumes and better margins.

Non-interest income

Non-interest income for the year ended 31 December 2011 increased slightly by EUR 3 million to EUR 744 million, as compared to EUR 741 million for the year ended 31 December 2010. Net fee and commission income decreased by 11% as clients switched partly out of investments into cash during 2011. This was offset by an increase of 87% in Other non-interest income, mainly driven by a gain on the sale of the Swiss Private Banking activities.

Operating expenses

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 64 million, or 6%, to EUR 990 million, as compared to EUR 1,054 million for the year ended 31 December 2010 (which excludes the separation and integration related items of EUR 20 million (pre tax) in 2011 and EUR 43 million (pre tax) in 2010, respectively). Operating expenses in 2010 included legal provisions that did not recur in 2011. Adjusted for these legal provisions, operating expenses increased slightly as a result of one-off IT costs and higher internal cost allocation.

Operating result

Underlying operating result improved significantly from EUR 172 million to EUR 312 million. The underlying cost/income ratio improved to 76% from 86% as a result of a rise in revenues and a decrease in costs.

Loan impairments and other credit risk provisions

Loan impairments for the year ended 31 December 2011 decreased by EUR 55 million, or 77%, to EUR 16 million, as compared to EUR 71 million for the year ended 31 December 2010 due to a combination of releases and considerably lower loan impairments compared to the high levels of 2010.

Risk-weighted assets

RWA decreased by 5% mainly due to the harmonisation of models.

Loans and receivables – customers

Loans and receivables – customers decreased by EUR 0.4 billion, or 3%, to EUR 16.0 billion at 31 December 2011 as compared to EUR 16.4 billion at 31 December 2010. This was mainly the result of the sale of the Swiss Private Banking activities. The mortgage portfolio of Private Banking amounted to EUR 3.6 billion; the remainder relates mainly to the International Diamond & Jewelry Group activities.

Due to customers

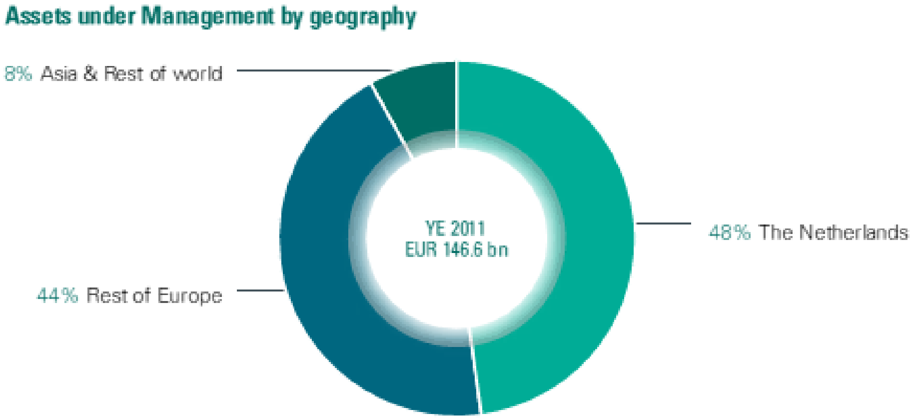
Despite the sale of the Swiss Private Banking activities, Due to customers increased EUR 0.8 billion from EUR 53.5 billion at 31 December 2010 to EUR 54.3 billion at 31 December 2011, as selected retail clients were migrated to Private Banking, new inflow in deposits was recorded and clients sold their securities and moved to cash.

Assets under Management

Assets under Management ("**AuM**") decreased by EUR 17.6 billion to EUR 146.6 billion. This decline was mainly caused by a negative market performance and the disposal of the Swiss Private Banking activities compensated by the acquisition of LGT Germany and a net inflow of EUR 0.9 billion. Legislative changes in the Netherlands also resulted in a decline in AuM.

AuM development

	At 31 December	
	2011	**2010**
	(in billions of euros)	
Balance on 1 January	**164.2**	**149.7**
Net new assets	0.9	0.6
Market performance	(9.3)	10.5
Divestments/acquisitions	(5.0)	—
Legislative changes	(4.2)	—
Other	—	3.4
Balance on 31 December	**146.6**	**164.2**



As a result of the EC state aid investigation, ABN AMRO had to offer Private Banking clients in the Netherlands the possibility to transfer their portfolios to another bank at no cost during a period of two months starting at the end of July 2011. Fewer than 200 clients made use of this option, with no material impact on AuM or on operating income.

Most of the AuM were generated in Europe and were equally divided between the Netherlands and the rest of Europe.

FTEs

The number of FTEs decreased by 270 mainly as a result of the sale of the Swiss Private Banking activities (a decline of 323 FTEs) partly offset by the acquisition of LGT Deutschland in Germany (an increase of 112 FTEs).

Commercial Banking

Certain small and medium-sized enterprise clients were included in the results of Retail Banking until November 2010. As from that date, these results were included in Commercial Banking. The full P&L effect of this transfer was shown in 2011.

Selected Commercial Banking financial information

	Year ended 31 December					
	2011			**2010**		
	(Reported)	**(Reconciling)**	**(Underlying)**	**(Reported)**	**(Reconciling)**	**(Underlying)**
	(in millions of euros)					
Net interest income	1,231	—	1,231	1,199	—	1,199
Net fee and commission income..	366	—	366	375	—	375
Other non-interest income.....................	80	—	80	91	—	91
Operating income.........	1,677	—	1,677	1,665	—	1,665
Operating expenses......	1,147	—	1,147	1,034	—	1,034
Operating result	230	—	530	631	—	631
Loan impairments	606	—	606	538	—	538
Total expenses	1,753	—	1,753	1,572	—	1,572
Profit / (loss) before taxation	(76)	—	(76)	93	—	93
Income tax expense......	(12)	—	(12)	36	—	36
Profit / (loss) for the period	**(64)**	**—**	**(64)**	**57**	**—**	**57**

	Year ended 31 December	
	2011	2010[(1)]
Underlying cost/income ratio	68%	62%

	Year ended 31 December	
	2011	2010[(1)]
Loan-to-deposit ratio	122%	109%
Loans and receivables – customers (in EUR billion)	41.9	42.4
Due to customers (in EUR billion)	34.0	39.0
Risk-weighted assets (in EUR billion)	28.3	29.3
Return on average RWA (in bps)	(23)	19[(1)]
FTEs	3,547	4,013

[(1)] *The 2010 average figures are based on year-end 2010 position instead of average.*

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 decreased by EUR 121 million to a loss of EUR 64 million, as compared to a profit of EUR 57 million for the year ended 31 December 2010. This increase primarily resulted from high loan impairments both in 2010 and 2011 as well as higher internal cost allocations starting from 2011.

Operating income

Operating income for the year ended 31 December 2011 increased slightly by EUR 12 million to EUR 1,677 million, as compared to EUR 1,665 million for the year ended 31 December 2010.

Net interest income

Net interest income for the year ended 31 December 2011 increased by EUR 32 million, or 3%, to EUR 1,231 million, as compared to EUR 1,199 million for the year ended 31 December 2010. This increase was primarily due to the transfer of activities from Retail Banking. Lower margins on corporate loans were offset by higher margins on deposits. Loan volumes increased marginally, while deposit volumes decreased marginally.

Non-interest income

Non-interest income for the year ended 31 December 2011 decreased by EUR 20 million, or 4%, to EUR 446 million, as compared to EUR 466 million for the year ended 31 December 2010. This was mainly a result of decreases in net fee and commission income due to lower payment fees and the sale of the international division of Fortis Commercial Finance in 2011.

Operating expenses

Underlying operating expenses for the year ended 31 December 2011 increased by EUR 113 million, or 11%, to EUR 1,147 million, as compared to EUR 1,034 million for the year ended 31 December 2010. This increase was primarily due to higher allocation of internal costs. Personnel expenses remained flat.

Operating result

The underlying operating result decreased by 16% The underlying cost/income ratio increased from 62% in 2010 to 68% in 2011 mainly due to the increases in operating expenses discussed above.

Loan impairments

Loan impairments for the year ended 31 December 2011 increased by EUR 68 million, or 13%, to EUR 606 million, as compared to EUR 538 million for the year ended 31 December 2010. This was due mainly to the rise of impairments in the second half of 2011 as the Dutch economy slid into recession. Impairment levels were already elevated in 2010. As a result, risk costs increased to 221bps, up 37bps from 2010 levels (calculated at year end levels for 2010). The sectors impacted in 2011 were mainly real estate, construction and industrial goods and services.

Risk-weighted assets

RWA at year-end 2011 were EUR 28.3 billion, only a fraction lower compared to 2010.

Loans and receivables – customers

Loans and receivables – customers decreased by EUR 0.5 billion to EUR 41.9 billion at 31 December 2011 from EUR 42.4 billion at 31 December 2010. The sale of the international division of Fortis Commercial Finance resulted in a decline of EUR 1.1 billion. The technical migration of all commercial clients to a single IT platform led to a harmonisation of netting of certain current accounts which caused Loans and receivables – customers as well as Due to customers to decrease by EUR 4.0 billion in the fourth quarter of 2011. This decline was partly offset by growth in loans to commercial clients.

Due to customers

Due to customers was EUR 34.0 billion at 31 December 2011 compared to EUR 39.0 billion at year-end 2010. The decrease of EUR 5.0 billion was mainly related to the abovementioned netting of current accounts. A limited decline in SME deposits was recorded.

FTEs

The number of FTEs declined by 12% mainly due to the sale of the international division of Fortis Commercial Finance.

Merchant Banking

Selected Merchant Banking financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income	546	–	546	390	–	390
Net fee and commission income	364	–	364	318	–	318
Non-interest income	420	–	420	302	–	302
Operating income	1,330	–	1,330	1,010	–	1,010
Operating expenses	883	23	860	972	9	963
Operating result	447	(23)	470	38	(9)	47
Loan impairments	27	–	27	(20)	–	(20)
Profit / (loss) before taxation	420	(23)	443	58	(9)	67
Income tax expense	16	(6)	22	(50)	(2)	(48)
Profit / (loss) for the period	**404**	**(17)**	**421**	**108**	**(7)**	**115**

	Year ended 31 December	
	2011	2010[(1)]
Underlying cost/income ratio	65%	95%

	Year ended 31 December	
	2011	2010[(1)]
Loan-to-deposit ratio	137%	120%
Loans and receivables – customers (in EUR billion)	46.6	42.4
Due to customers (in EUR billion)	46.6	37.7
Risk-weighted assets (in EUR billion)	36.1	32.1
Return on averaged RWA (in bps)	131	36[(1)]
FTEs	1,998	1,836

(1) *The 2010 average figures are based on year-end 2010 position instead of average.*

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 increased by EUR 306 million to EUR 421 million, as compared to EUR 115 million for the year ended 31 December 2010 (which excludes the impact of separation and integration related items of EUR 17 million (net-of-tax) in 2011 and EUR 7 million (net-of-tax) in 2010, respectively). This increase primarily resulted from higher operating income and the absence of large litigation provisions in 2011.

Operating income

Operating income for the year ended 31 December 2011 increased by EUR 320 million, or 32%, to EUR 1,330 million, as compared to EUR 1,010 million for the year ended 31 December 2010. This increase resulted from gains in net interest income and non-interest income discussed below.

Net interest income

Net interest income for the year ended 31 December 2011 increased by EUR 156 million, or 40%, to EUR 546 million, as compared to EUR 390 million for the year ended 31 December 2010. This increase was due mainly to higher revenue levels at LC&MB and stable income at ABN AMRO Clearing Bank N.V. offset by lower income in Markets (sales and trading) as a consequence of market circumstances.

Non-interest income

Non-interest income for the year ended 31 December 2011 increased by EUR 164 million, or 26%, to EUR 784 million, as compared to EUR 620 million for the year ended 31 December 2010. This was mainly a result of an increase in other non-interest income by 39% to EUR 420 million, mainly driven by favourable Private Equity results. However, slow market circumstances and increased volatility brought down other non-interest income in Markets in the second half of 2011. Net fee and commission income remained stable and was generated mainly at ABN AMRO Clearing Bank N.V. and LC&MB.

Operating expenses

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 103 million, or 11%, to EUR 860 million, as compared to EUR 963 million for the year ended 31 December 2010 (which excludes the separation and integration related items of EUR 23 million (pre tax) in 2011 and EUR 9 million (pre tax) in 2010, respectively). This was primarily due to due to large litigation provisions taken in 2010. Internal cost allocation increased compared to 2010.

Personnel expenses increased by EUR 49 million to EUR 285 million due mainly to an increase in FTEs following the rebuilding and growth of the businesses.

Other expenses decreased by EUR 152 million to EUR 575 million. Adjusted for the large litigation provisions taken in 2010, other expenses increased mainly as a result of higher cost allocations from Group Functions.

Operating result

The underlying operating result increased to EUR 470 million from EUR 47 million in 2010. The underlying cost/income ratio improved from 95% in 2010 to 65% in 2011.

Loan impairments

Loan impairments for the year ended 31 December 2011 increased by EUR 47 million to EUR 27 million, as compared to a release of EUR 20 million for the year ended 31 December 2010. Both in 2010 and in the first half of 2011, releases of loan impairments previously taken were recorded. However, this trend reversed in the second half of 2011, when several impairments were taken in the real estate portfolio. Risk costs (8bps in 2011), however, remained at very low levels.

Risk-weighted assets

RWA increased from EUR 32.1 billion to EUR 36.1 mainly due to business growth.

Loans and receivables – customers

Loans and receivables – customers increased by EUR 4.2 billion from EUR 42.4 billion at 31 December 2010 to EUR 46.6 billion at 31 December 2011. This increase was mainly driven by growth in the ECT loan portfolio, an increase in securities financing activities and small growth at ABN AMRO Clearing

Bank N.V. The growth of the loan portfolio was partly offset by a reduction in current accounts following a harmonisation of netting principles.

Due to customers

Due to customers increased by almost EUR 8.9 billion to EUR 46.6 billion at 31 December 2011 from EUR 37.7 billion at 31 December 2010. This growth was predominantly the result of increased client flows at ABN AMRO Clearing Bank N.V. and securities financing activities.

FTEs

The number of FTEs rose by 162 due to continued efforts to rebuild the capabilities and growth of the business.

Group Functions

The majority of the costs of Group Functions are allocated to the businesses. Items that are not allocated to the business include, among other things, the operating result from AML/Treasury, general restructuring charges, certain integration costs and costs for the Dutch Deposit Guarantee Scheme.

The operating results of the EC Remedy activities, the operating results and the transaction result upon the sale of Prime Fund Solutions have been included in the segment Group Functions.

Selected Group Functions financial information

	Year ended 31 December					
	2011			2010		
	(Reported)	(Reconciling)	(Underlying)	(Reported)	(Reconciling)	(Underlying)
	(in millions of euros)					
Net interest income	(8)	-	(8)	(111)	-	(111)
Net fee and commission income	13	-	13	(83)	-	(83)
Other non-interest income	268	-	268	(449)	(862)	413
Operating income	273	-	273	(643)	(862)	219
Operating expenses	541	308	233	1,327	810	517
Operating result	348	(308)	40	512	(810)	(298)
Loan impairments	832	-	832	(23)	-	(23)
Profit / (loss) before taxation	(1,100)	(308)	(792)	(1,947)	(1,672)	(275)
Income tax expense	(329)	(77)	(252)	(233)	(244)	11
Profit / (loss) for the period	**(771)**	**(231)**	**(540)**	**(1,714)**	**(1,428)**	**(286)**

	As at 31 December	
	2011	**2010**
Loans and receivables – customers (in EUR billions)	5.0	5.2
Due to customers (in EUR billions)	6.7	9.6
Risk-weighted assets (in EUR billions)	7.8	5.3
FTEs	8,254	9,179

Profit/(loss) for the period

Underlying profit for the year ended 31 December 2011 decreased by EUR 254 million, or 89%, to a loss of EUR 540 million, as compared to a loss of EUR 286 million for the year ended 31 December 2010 (which excludes the net adverse impact of separation and integration costs of EUR 231 million (net-of-tax) in 2011 and the 2010 net adverse impact of the EC Remedy and other separation and integration costs of EUR 1,428 million (net-of-tax), respectively). This was mainly the result of significant loan impairments on the Greek Government-Guaranteed Corporate Exposures and a restructuring provision.

Operating income

Underlying operating income for the year ended 31 December 2011 increased by EUR 54 million, or 25%, to EUR 273 million, as compared to EUR 219 million for the year ended 31 December 2010 (for 2010, this excludes the negative income of EUR 862 million due to separation and integration related items).

Net interest income

Net interest income for the year ended 31 December 2011 improved by EUR 103 million, or 93%, to a loss of EUR 8 million, as compared to a loss of EUR 111 million for the year ended 31 December 2010. This improvement was due largely to the absence of interest cost for capital instruments and a risk transfer from R&PB, partially offset by higher funding costs and the impact of divestments.

Non-interest income

Underlying non-interest income for the year ended 31 December 2011 decreased by EUR 49 million, or 15%, to EUR 281 million, as compared to EUR 330 million for the year ended 31 December 2010 (which excludes the negative income of EUR 862 million (tax exempt) due to separation and integration related items in 2010).

Net fee and commission income improved by EUR 96 million to EUR 13 million from 2010, largely driven by the absence of fees paid for a credit protection instrument in 2010 and offset by the impact of divestments.

Other non-interest income dropped by EUR 145 million to EUR 268 million due mainly to a EUR 175 million gain on the buyback of a subordinated note in 2010.

Operating expenses

Underlying operating expenses for the year ended 31 December 2011 decreased by EUR 284 million, or 55%, to EUR 233 million, as compared to EUR 517 million for the year ended 31 December 2010 (which excludes the net separation and integration related items of EUR 308 million (pre tax) in 2011 and EUR 810 million (pre tax) in 2010, respectively). This decrease was primarily due to revised cost allocation.

Personnel expenses increased in 2011, as a EUR 181 million restructuring provision for further restructurings and staff reductions was taken in 2011. This increase was partly offset by the effect of the 2010 divestments.

Other expenses improved predominantly as a consequence of a change in cost allocations, which shifts costs from Group Functions to the businesses, partially offset by EUR 27 million additional charges for the deposit guarantee scheme relating to the subordinated deposits of DSB.

Loan impairments and other credit risk provisions

Loan impairments for the year ended 31 December 2011 increased significantly by EUR 855 million to EUR 832 million, as compared to a release of EUR 23 million for the year ended 31 December 2010. This was mainly due to EUR 880 million of loan impairments on Greek government-guaranteed corporate exposures.

FTEs

The number of FTEs dropped by 925 to 8,254 FTEs. The decrease in FTEs relates primarily to the divestment of PFS and the progressing integration in Group Functions.

6.6 Other references

Liquidity and funding

For information with respect to liquidity and funding, see Chapter 19 "Liquidity & funding" in the Annual Report 2012, incorporated by reference herein.

Risk management

For information with respect to risk management, see Chapter 17 "Risk management" in the Annual Report 2012, incorporated by reference herein.

Capital management

For information with respect to capital adequacy, see Chapter 18 "Capital management" in the Annual Report 2012, incorporated by reference herein.

Critical accounting policies

For critical accounting policies and changes contained in accounting rules, see "Accounting Policies" in Note 1 of the Consolidated Annual Financial Statements 2012 and Consolidated Annual Financial Statements 2011.

6.7 Related Party Transactions

For information with respect to transactions with related parties, including the Dutch State, see "*Related parties*" in Note 43 of the Consolidated Annual Financial Statements 2012 and Consolidated Annual Financial Statements 2011.

7. GENERAL INFORMATION

Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009. ABN AMRO Bank N.V. is a private limited liability company incorporated under the laws of the Netherlands and has its statutory seat in Amsterdam, the Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. ABN AMRO Bank N.V. is registered with the Trade Register of the Amsterdam Chambers of Commerce under number 34334259.

Shareholder and change of control

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. Following the Legal Merger, ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank. The managing board and the supervisory board of ABN AMRO Group N.V. are composed of the same members as ABN AMRO Bank. See "*The Issuer—Management and Governance*".

On 11 March 2013, ABN AMRO Group N.V. exercised the call option to repurchase EUR 210 million preference shares in the share capital of ABN AMRO Group N.V. held by ABN AMRO Preferred Investments B.V. in accordance with the announcement made on 1 March 2013. The transaction was settled that same day. ABN AMRO Group N.V. cancelled the repurchased shares in May 2013. The repurchase of the preference shares resulted in a simplification of the shareholder structure of ABN AMRO Group N.V. As a result of the transaction, NLFI is the sole shareholder of ABN AMRO Group N.V. by holding all ordinary shares in its share capital. See "*The Issuer—Management and Governance*".

Documents available

As long as this Registration Document is valid as described in Article 9 of the Prospectus Directive, copies of the following documents will, when published, be available, free of charge, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, telephone: +31 20 6282282; e-mail: investorrelations@nl.abnamro.com:

(i) an English translation of the most recent Articles of Association of the Issuer;

(ii) copies of the documents listed under "*Documents Incorporated by Reference*";

(iii) the most recently available audited financial statements of ABN AMRO Group N.V. and the most recently available unaudited interim financial statements of the ABN AMRO Group N.V.;

(iv) a copy of the Registration Doucment; and

(v) any future supplements to the Registration Document and any other documents incorporated herein or therein by reference.

A copy of the 403 Declaration is available for inspection at the Trade Register of the Chamber of Commerce in Amsterdam, De Ruyter Kade 5, PO Box 1000 CW, Amsterdam, The Netherlands.

Issuer ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings on ABN AMRO Bank N.V. (or their legal predecessors) are presented in the table below.

Corporate rating	S&P	Moody's	Fitch	DBRS
Long term credit rating	A	A2	A+	A(high)
Outlook long term credit rating.................................	Stable	Negative	Negative	Stable
Short term credit rating..	A-1	P-1	F1+	R-1(middle)

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Significant or material change

There has been no (i) material adverse change in the Issuer's prospects or (ii) significant change in the financial position of the Issuer and its subsidiaries since 31 December 2012.

There has been no (i) material adverse change in the ABN AMRO Group's prospects or (ii) significant change in the financial position of the ABN AMRO Group and its subsidiaries since 31 December 2012.

Independent auditor

The consolidated annual financial statements of ABN AMRO Group N.V. as of 31 December 2012, and for the year then ended, incorporated by reference in this Registration Document, have been audited by KPMG Accountants N.V., independent auditors ("**KPMG**"), as stated in their report appearing herein. The consolidated annual financial statements of ABN AMRO Group N.V. as of 31 December 2011 (including the comparative 2010), and for the year then ended, incorporated by reference in this Registration Document, have been audited by KPMG, as stated in their report appearing herein. The individual auditors of KPMG are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*). KPMG has given, and has not withdrawn, its consent to the inclusion of its report in this Registration Document in the form and context in which it is included.

Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in "*The Issuer—Legal and arbitration proceedings*". However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Registration Document which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

Issuer

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

LEGAL ADVISORS

Clifford Chance LLP
Droogbak 1A
1013 GE Amsterdam
The Netherlands

AUDITORS

to ABN AMRO Group N.V.

KPMG Accountants N.V.
Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands