ABN·AMRO

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ABN AMRO Bank successfully passes European stress test

ABN AMRO Bank was subject to the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank (ECB), and the Dutch Central Bank (DNB). ABN AMRO Bank acknowledges the outcome of the EU-wide stress test for ABN AMRO Bank N.V. ABN AMRO Bank confirms today that the estimated stressed tier 1 capital ratio of 10.3% in 2011 comfortably exceeds the minimum tier 1 capital ratio of 6% as set by the CEBS under the scenario developed for the purpose of this EU-wide exercise. Further details on the stress test can be found on pages 3 to 5.

This stress test is in addition to the risk management procedures and regular stress testing programmes set up in ABN AMRO Bank under the Pillar 2 framework of the Basel II and Capital Requirements Directive (CRD), as incorporated in the relevant Dutch legislation.

The exercise was conducted using the scenarios, methodology and key assumptions provided by CEBS (for further details, please see the aggregate report published on the CEBS website www.c-ebs.org). As a result of the assumed shock under the adverse scenario, the estimated Tier 1 capital ratio would be 10.3% in 2011. An additional sovereign risk scenario would have a further impact of 40 basis points on the estimated Tier 1 capital ratio, bringing it to 9.9% at the end of 2011.

The results of the stress test suggest a buffer of EUR 5,531 million of Tier 1 capital against the threshold of 6% of Tier 1 capital adequacy ratio for ABN AMRO Bank agreed exclusively for the purposes of this exercise. This threshold should by no means be interpreted as a regulatory minimum (the regulatory minimum BIS ratio for the Tier 1 capital is set at 4%), nor as a capital target reflecting the risk profile of ABN AMRO Bank determined as a result of the supervisory review process in Pillar 2 of the CRD.

The results of the stress test were extensively discussed with and endorsed by DNB.

Given that the stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet) the information on the benchmark scenario is provided only for comparison purposes and should in no way be construed as a forecast.

In the interpretation of the outcome of the exercise, it is imperative to differentiate between the results obtained under the different scenarios developed for the purposes of the EU-wide exercise. The results of the adverse scenario should not be considered as representative of the current situation or possible present capital needs. A stress testing exercise does not provide forecasts of expected outcomes since the adverse scenarios are designed as "what-if" scenarios including plausible but extreme assumptions, which are therefore not very likely to materialise. Different stresses may produce different outcomes depending on the circumstances of each institution.

Background stress test

The objective of the 2010 EU-wide stress test exercise conducted under the mandate from the EU Council of Ministers of Finance (ECOFIN) and coordinated by CEBS in cooperation with the European Central Bank (ECB), national supervisory authorities and the EU Commission, is to assess the overall resilience of the EU banking sector and the banks' ability to absorb further possible shocks on credit and market risks, including sovereign risks.

The exercise has been conducted on a bank-by-bank basis for a sample of 91 EU banks from 20 EU Member States, covering at least 50% of the banking sector, in terms of total consolidated assets, in each of the 27 EU Member States, using commonly agreed macro-economic scenarios (benchmark and adverse) for 2010 and 2011, developed in close cooperation with the ECB and the European Commission.

More information on the scenarios, methodology, aggregate and detailed individual results is available from CEBS. Information can also be obtained from the website of DNB (www.dnb.nl).

Results stress test

Actual results	
At December 31, 2009	**EUR million**
Total Tier 1 capital	15,481*
Total regulatory capital	20,742*
Total risk weighted assets	118,703*
Pre-impairment income (including operating expenses)	1,812*
Impairment losses on financial assets in the banking book	1,568*
1 yr Loss rate on Corporate exposures (%)[1]	0.79%*
1 yr Loss rate on Retail exposures (%)[1]	0.44%*
Tier 1 ratio (%)	13.0%*

Outcomes of stress test scenarios

The stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet, uniform treatment of securitisation exposures). Therefore, the information relative to the benchmark scenarios is provided only for comparison purposes. Neither the benchmark scenario nor the adverse scenario should in any way be construed as a forecast.

Benchmark scenario at December 31, 2011[2]	**EUR million**
Total Tier 1 capital after the benchmark scenario	14,753
Total regulatory capital after the benchmark scenario	19,501
Total risk weighted assets after the benchmark scenario	122,691
Tier 1 ratio (%) after the benchmark scenario	12.0%

Adverse scenario at December 31, 2011[2]	**EUR million**
Total Tier 1 capital after the adverse scenario	12,904
Total regulatory capital after the adverse scenario	17,796
Total risk weighted assets after the adverse scenario	125,884
2 yr cumulative pre-impairment income after the adverse scenario (including operating expenses)[2]	1,607**
2 yr cumulative impairment losses on financial assets in the banking book after the adverse scenario[2]	-3,189
2 yr cumulative losses on the trading book after the adverse scenario[2]	-17
2 yr Loss rate on Corporate exposures (%) after the adverse scenario[1, 2]	1.20%
2 yr Loss rate on Retail exposures (%) after the adverse scenario[1, 2]	0.90%
Tier 1 ratio (%) after the adverse scenario	10.3%

Additional sovereign shock on the adverse scenario at December 31, 2011	**EUR million**
Additional impairment losses on the banking book after the sovereign shock[2]	-465
Additional losses on sovereign exposures in the trading book after the sovereign shock[2]	-89
2 yr Loss rate on Corporate exposures (%) after the adverse scenario and sovereign shock[1, 2, 3]	1.48%
2 yr Loss rate on Retail exposures (%) after the adverse scenario and sovereign shock[1, 2, 3]	0.96%
Tier 1 ratio (%) after the adverse scenario and sovereign shock	9.9%
Additional capital needed to reach a 6 % Tier 1 ratio under the adverse scenario + additional sovereign shock, at the end of 2011	0

The aggregated RWA and capital figures are based on the aggregation of the RWA and capital components of ABN AMRO Bank and Fortis Bank Nederland and therefore do not reflect the impact of the harmonisation of the determination of the RWA and capital components.

1. Impairment losses as a % of corporate/retail exposures in AFS, HTM, and loans and receivables portfolios

2. Cumulative for 2010 and 2011

3. On the basis of losses estimated under both the adverse scenario and the additional sovereign shock

* ABN AMRO Bank and Fortis Bank Nederland only merged on 1 July 2010. To facilitate the trend analysis, the stress test has been performed on the basis as if it had already merged as per 31 December 2009. Therefore several adjustments, predominantly relating to the separation of ABN AMRO Bank from RBS N.V., the execution of the Dutch State capital measures and the RWA impact of the closing of the EC Remedy have been applied to the aggregated 2009 year-end capital figures. In addition, as ABN AMRO Bank has only become Basel II Advanced-IRB compliant as of 1 April 2010, an assessment of the aggregated Basel II figures as per year-end 2009 has been made retrospectively. Furthermore, the results for 2009 are the aggregated reported results of both banks.

** Please note that this figure does not include several large items related to the integration of ABN AMRO Bank and Fortis Bank Nederland, including amongst others the impact of the closing of the EC remedy and restructuring charges, as well as other items such as a revaluation of the EC Remedy credit umbrella under the adverse stress scenario and an addition to the legal provision. The total amount of the items not included is EUR 1,807 million negative. However, these items are included in the estimated capital position and capital ratios of this stress test.

ABN AMRO Bank wishes to further clarify the results of this stress test.

Scope of stress test

ABN AMRO Bank (pre-merger) and Fortis Bank Nederland only merged on 1 July 2010. To facilitate the trend analysis and to comply with the format of the CEBS, the stress test has been performed on the basis as if the banks had already merged as per 31 December 2009. Therefore several adjustments, predominantly relating to the separation of ABN AMRO Bank (pre-merger) from RBS N.V., the execution of the Dutch State capital measures and the risk weighted assets (RWA) impact of the closing of the EC Remedy have been applied to the aggregated 2009 year-end capital figures.

In addition, ABN AMRO Bank (pre-merger) reported under Basel I during the transitional period until separation on 1 April 2010. As of 1 April 2010, ABN AMRO Bank (pre-merger) is reporting under Basel II Advanced-IRB. Therefore an assessment of the aggregated Basel II figures as per year-end 2009 has been made retrospectively. Fortis Bank Nederland was already reporting under Basel II A-IRB.

Furthermore, the results for 2009 are based on the aggregated reported results as included in the annual financial statements 2009 of ABN AMRO Bank (pre-merger) and Fortis Bank Nederland.

Non stress test-related items impacting the capital position

Even though the abovementioned events only occurred in 2010, the amendments have been made to the aggregated year-end 2009 capital figures to facilitate the trend analysis. Please find below an overview of the main events:

Separation of ABN AMRO Bank N.V.
On 1 April 2010, ABN AMRO Bank N.V. (pre-merger) was separated from RBS N.V. and the shares were transferred to ABN AMRO Group N.V.

Execution of the Dutch State capital measures
The total recapitalization of ABN AMRO Bank (pre-merger) by the Dutch State of EUR 3.1 billion (excluding the capital relief instrument), as announced in November 2009, has been executed. This included the conversion of three Mandatory Convertible Securities (total nominal value EUR 2.6 billion) into common equity at separation. The conversion did not change the level of tier 1 capital, only the composition of tier 1 capital.

Harmonisation of accounting policies and classifications
The harmonisation of accounting policies and classifications has now been finalized. This will result in a relatively small negative impact on equity.

Basel II compliancy
During the transitional period until separation ABN AMRO Bank (pre-merger) reported under the Basel I regime, as agreed with the Dutch Central Bank. Following the separation from RBS N.V. on 1 April 2010, the Dutch Central Bank approved the request of ABN AMRO Bank (pre-merger) for the application of the Basel II Advanced-IRB approach. Fortis Bank Nederland already reported under Basel II.

Please note that the aggregated RWA and capital figures are based on the aggregation of the RWA and capital components of ABN AMRO Bank (pre-merger) and Fortis Bank Nederland and therefore do not reflect the impact of the harmonisation of the determination of the RWA and capital components.

EC Remedy
The closing of the EC Remedy took place at 1 April 2010. The impact on RWA (i.e. the exclusion of assets sold, the inclusion of the EC Remedy credit umbrella) has been included in the year-end 2009 adjusted aggregated capital position, derived for the purpose of this stress test. The transaction result of the closing of the EC Remedy is included in the items impacting the financial results.

Non stress test- related items impacting the financial results

In addition, the financial results over the period 2010-2011 will be impacted by several large non stress test-related items. Most of these items, which have been announced on previous occasions, will be recorded in the first half 2010 results. The first half 2010 results will be published on 26 August 2010.

The items referred to include, amongst others, the transaction result from the closing of the EC Remedy, the restructuring provision for the integration of ABN AMRO Bank (pre-merger) and Fortis Bank Nederland and an addition to the legal provision. On 22 June 2010, it was announced that the combined impact from these items was expected to be approximately EUR 1.35 billion negative (net-of-tax). Please note that this negative amount is not included in the two-year cumulative estimated pre-impairment income (after operating expenses).

The adverse scenario also assumes an additional negative impact on the EC Remedy credit umbrella. This additional negative amount is also not included in the two-year cumulative estimated pre-impairment income (after operating expenses).

The total amount of all abovementioned items not included in the two-year cumulative estimated pre-impairment income (after operating expenses) is EUR 1,807 million (pre-tax) negative. However, please note that these items are included in the estimated 2011 capital position and 2011 capital ratios of this stress test.

Exposures to European Union governments

The table below gives an overview of the exposures to European Union central and local governments. The figures exclude government-guaranteed debt exposures. The reference date of the exposures listed below is 31 March 2010.

Amount in million reporting currency (EUR)	Gross exposures	of which Banking book	of which Trading book	Net exposures
Austria	747	747	-	747
Belgium	639	584	55	639
Bulgaria	-	-	-	-
Cyprus	-	-	-	-
Czech Republic	-	-	-	-
Denmark	18	18	-	18
Estonia	-	-	-	-
Finland	6	6	-	6
France	3,563	3,557	5	3,563
Germany	2,982	2,159	822	2,982
Greece	-	-	-	-
Hungary	-	-	-	-
Iceland	-	-	-	-
Ireland	178	178	-	178
Italy	1,858	1,813	45	1,858
Latvia	-	-	-	-
Liechtenstein	-	-	-	-
Lithuania	-	-	-	-
Luxembourg	3	3	-	3
Malta	-	-	-	-
Netherlands	9,825	9,124	701	9,825
Norway	8	8	-	8
Poland	280	280	-	280
Portugal	137	137	-	137
Romania	-	-	-	-
Slovakia	-	-	-	-
Slovenia	-	-	-	-
Spain	546	494	52	546
Sweden	11	11	-	11
United Kingdom	865	865	-	865

The trading update over the first quarter 2010 (published on 20 May 2010) contained an overview of debt exposures of ABN AMRO Bank (pre-merger) and Fortis Bank Nederland to European Union governments and government-related entities. The exposures mentioned in the trading update included debt issued by central and local governments as well as debt guaranteed by central governments as per 30 April 2010. Hence there is a difference in scope and timing between the exposures mentioned in the table and the exposures reported in the first quarter trading update. Most of the differences are explained by the fact that government guaranteed exposures have not been included in the table above.

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The financial results of ABN AMRO Bank as included in this press release are based on the results of ABN AMRO Bank (pre-merger) and Fortis Bank Nederland and do not include all the information and disclosures required in annual financial statements. Therefore this press release should be read in conjunction with the audited financial statements as part of the ABN AMRO Bank (pre-merger) Annual Review as at 31 December 2009 and the Annual Report 2009 of ABN AMRO Holding N.V. and the Annual Report 2009 of Fortis Bank Nederland, which have been prepared in accordance with 'International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and IFRS as adopted by the European Union. All amounts in this press release are unaudited.

Cautionary statement on forward-looking statements

The stress test was carried out under a number of key common simplifying assumptions. Hence, the information on benchmark scenarios is provided only for comparison purposes and should in no way be construed as a forecast. In the interpretation of the outcome of the stress test, it is imperative to differentiate between the results obtained under the different scenarios developed for the purposes of the EU-wide exercise. The results of the adverse scenario should not be considered as representative of the current situation or possible present capital needs. A stress testing exercise does not provide forecasts of expected outcomes since the adverse scenarios are designed as "what-if" scenarios including plausible but extreme assumptions, which are therefore not very likely to materialise. Different stresses may produce different outcomes depending on the circumstances of each institution.

In case this press release contains elements which could be qualified as forward-looking statements then the following applies. Forward-looking statements relate, but not limited, to ABN AMRO Bank's potential exposures to various types of market risks, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These forward-looking statements are not historical facts and represent only ABN AMRO Bank's beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond the control of ABN AMRO Bank.

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

- the extent and nature of future developments and continued volatility in the credit markets and their impact on the financial industry in general and ABN AMRO Bank in particular;
- the effect on capital of ABN AMRO Bank of write downs in respect of credit exposures;
- risks related to ABN AMRO Bank's (pre-merger) transition and separation process and the legal merger and integration process of ABN AMRO Bank (pre-merger) and Fortis Bank Nederland following the acquisition of both banks by the Dutch State;
- general economic conditions in the Netherlands and in other countries in which ABN AMRO Bank has significant business activities or investments, including the impact of recessionary economic conditions on ABN AMRO Bank's revenues, liquidity and balance sheet;
- actions taken by governments and their agencies to support individual banks and the banking system;
- monetary and interest rate policies of the European Central Bank and G-7 central banks;
- inflation or deflation;
- unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments;
- changes in Dutch and foreign laws, regulations and taxes;
- changes in competition and pricing environments;
- inability to hedge certain risks economically;
- adequacy of loss reserves;
- technological changes;
- changes in consumer spending, investment and saving habits; and
- the success of ABN AMRO Bank in managing the risks involved in the foregoing.

These factors should not be regarded as a complete set of all potential risks or uncertainties. ABN AMRO Bank has economic, financial market, credit, legal and other specialists who monitor economic and market conditions and government policies and actions. However, because it is difficult to predict with complete accuracy any changes in economic or market conditions or in governmental policies and actions, it is hard for ABN AMRO Bank to anticipate the effects that such changes could have on ABN AMRO Bank's financial performance and business operations. Accordingly, you are cautioned not to place undue reliance on forward-looking statements.

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