ABN·AMRO

IR / Press Release

Amsterdam, 16 November 2012

ABN AMRO reports underlying net profit of EUR 1,201 million for the first nine months of 2012 and EUR 374 million for Q3

- **The year-to-date underlying net profit, which excludes separation and integration-related expenses, rose 22% to EUR 1,201 million**
- **This result was driven by lower operating expenses and a decline in impairment charges, offset by higher taxes**
- **Excluding the impact of Greek impairments (EUR 125 million release in 2012 versus EUR 500 million charge in 2011), a sharp increase in impairments was recorded compared with the first nine months of last year**
- **The underlying cost/income ratio came to 59%, an improvement from 63% recorded over the first nine months of 2011**
- **Underlying net profit increased 10% from Q2 to EUR 374 million in Q3, driven by a decrease in impairment charges, partly offset by a modest decline in operating result and rising taxes**
- **Reported net profit, which includes separation and integration-related expenses, came to EUR 1,045 million year-to-date, up from EUR 810 million in 2011. Reported profit for Q3 was EUR 302 million**
- **At 30 September 2012, the Core Tier 1 ratio was 11.4% and the Tier 1 ratio and total capital ratio were 12.2% and 17.1% respectively**

Gerrit Zalm, Chairman of ABN AMRO Group, comments:

"*These results are satisfactory, especially under the current economic conditions which are still far from favourable. In the Netherlands, the gross domestic product is lagging, the number of bankruptcies is rising, the job market is under pressure and the housing market is sluggish. These developments have had a marked impact on fee income and impairment levels. The year-to-date operating result improved by 5% due in part to cost control and integration benefits. The cost/income ratio for the quarter remained stable at 59% and improved 4 percentage points compared with last year. Excluding the Greek impairments the trend in impairments is upward and increased sharply compared with the first nine months of last year.*

In the course of 2012, we improved our capital base both in Core Tier 1 capital and in total capital. We issued several capital instruments in order to strengthen our capital base ahead of the implementation of Basel III. I note with satisfaction that we were the first European issuer in years to execute a subordinated transaction in the Singapore dollar market and the first Dutch financial institution to issue unsecured debt in Chinese yuan. These transactions underpin the market's confidence in the bank.

Although the first three quarters were satisfactory, the outlook for Q4 is unfavourable, as the final quarter is traditionally subject to higher impairments. In addition, the bank tax will be levied in the Netherlands for the first time: a EUR 112 million annual surcharge will be recorded, increasing our expenses and cost/income ratio. The Q4 reported profit may also be influenced by integration costs resulting from the proposed merger of our two Dutch pension funds, which targets to transfer all accrued rights in Fortis Bank Nederland Pension Fund to ABN AMRO Bank Pension Fund."

Income statement

In the first nine months of 2012, ABN AMRO Group's reported net profit amounted to EUR 1,045 million and included separation and integration-related costs of EUR 156 million net of tax. The underlying net profit, which excludes these costs, was EUR 1,201 million.

The analysis presented in this press release is based on underlying results, unless otherwise stated. For a more detailed overview of the separation and integration-related costs, and a reconciliation of the reported and underlying results, please refer to Annex 1.

First nine months 2012 compared with first nine months 2011

Underlying results

(in EUR million)	*9M 2012*	*9M 2011*	*Change*
Net interest income	*3,773*	*3,807*	*-1%*
Net fee and commission income	*1,174*	*1,396*	*-16%*
Other non-interest income	*677*	*746*	*-9%*
Operating income	5,624	5,949	-5%
Personnel expenses	*1,724*	*1,975*	*-13%*
Other expenses	*1,594*	*1,785*	*-11%*
Operating expenses	3,318	3,760	-12%
Operating result	**2,306**	**2,189**	5%
Impairment charges on loans and other receivables	762	989	-23%
Operating profit before taxes	**1,544**	**1,200**	29%
Income tax expenses	343	217	58%
Profit for the period	**1,201**	**983**	22%

Other indicators

	9M 2012	*9M 2011*
Underlying cost/income ratio	59%	63%
Return on average equity	12.8%	10.4%
Return on average risk-weighted assets (in bps)	129	116
Net interest income / average total assets (in bps)	120	128
Cost of risk (in bps)	82	117
FTEs (end of period)*	23,429	24,225*

** 2011 figure is per 31 December*

Divestments completed in 2012 and 2011 only had a small impact on the net result, but did influence the underlying trend in both operating income and expenses.

The underlying net profit improved 22% compared with last year, resulting mainly from lower operating expenses and a decline in impairment charges[1] offset by higher income taxes. In both periods the results were influenced by large items, totalling EUR 253 million positive net of tax in the first nine months of 2012 and EUR 390 million negative net of tax in the same period in 2011. A breakdown of these large items and divestments is included in Annex 2.

- Compared with the first nine months of 2011, **operating income** decreased by 5% to EUR 5,624 million. Excluding divestments, operating income declined by 3%, suffering from the weak economy.

  Net interest income (NII) declined by 1% driven by lower NII in Retail & Private Banking (R&PB) and Group Functions, offset by growth in Commercial & Merchant Banking (C&MB). Lower margins on savings were partly offset by improved margins on mortgage and consumer loans. Funding costs rose as the maturity profile was lengthened further. **Net fee and commission income** decreased by 16%. Excluding divestments in 2011, the decline was 9%, caused in part by lower transaction volumes

[1] The 9M 2011 results include EUR 408 million net of tax (gross EUR 500 million) impairment charges for Greek government-guaranteed corporate exposures, whereas the results of 9M 2012 contain a release of EUR 94 million net of tax (gross EUR 125 million).

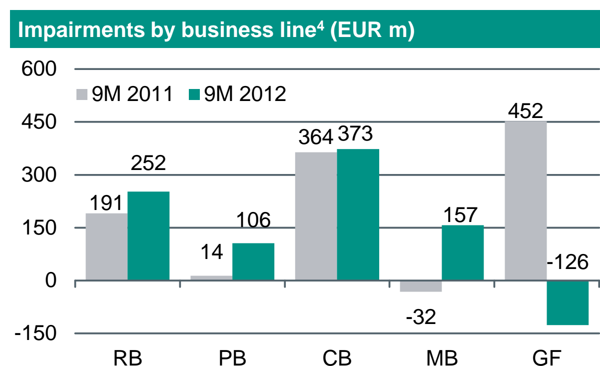
(mostly in Private Banking) and a reclassification of costs for international payment services to fee expenses. **Other non-interest income** declined 9%. The decline was due mainly to a reclassification of leasing costs to other non-interest income, lower private equity results and the negative effect of debt value adjustments, offset by higher releases from the credit umbrella[2] and other EC Remedy-related provisions.

Eighty-three per cent of total operating income was generated in the Netherlands, 11% in the rest of Europe and six% in the rest of the world .

- **Operating expenses** decreased by EUR 442 million (12%) to EUR 3,318 million, mainly as a result of divestments and a restructuring provision with a combined impact of 10%. Excluding divestments, **personnel expenses** declined by EUR 155 million (or 8%) due mainly to a restructuring provision of EUR 177 million in 2011, partly offset by wage drift. **Other expenses** declined by 11%. Excluding the effect of divestments, these costs declined by 5% primarily on cost synergies, a reclassification of leasing costs and costs for international payment services to operating income, partly offset by a rise in cybercrime losses.

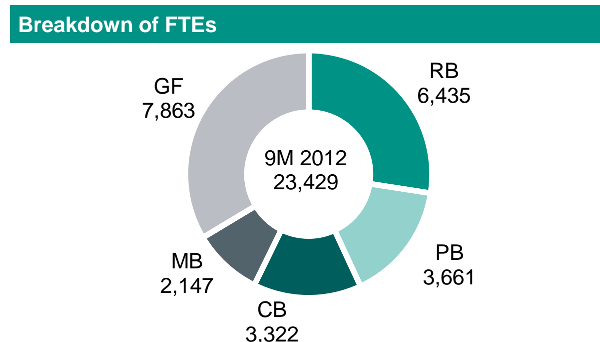
- The **operating result** improved 5% to EUR 2,306 million and the **cost/income ratio** improved by 4 percentage points to 59%.

- **Impairment charges on loans and other receivables** decreased to EUR 762 million from EUR 989 million in 9M 2011. The 9M 2011 results include EUR 500 million impairment charges for Greek government-guaranteed corporate exposures, whereas the results of 9M 2012 contain a release of EUR 125 million.[3] Excluding this, the impairment charges jumped 81%, driven mainly by impairments in Merchant Banking (mostly real estate and public sector-related), Private Banking and Retail Banking (both on mortgage and other consumer loans). Impairment charges in Commercial Banking remained elevated. Total impairment charges over average RWA ('cost of risk') were 82bps in 9M 2012, down from 117bps in 9M 2011. Excluding the Greek impairments, the cost of risk was 95bps for 9M 2012, up from 58bps in 9M 2011.



- The underlying **effective tax rate** for the first nine months of 2012 increased to 22% from 18% in the same period in 2011. The effective tax rate increased primarily as a result of a reassessment of the tax position and a higher amount of tax-exempt income in the first nine months of 2011.

- The number of full-time equivalents excluding temporary staff (**FTEs**) fell by 796 to 23,429 compared with year-end 2011, largely resulting from progress on the integration within Group Functions, further optimisation of the branch network and the divestment of activities in Commercial Banking. The number of FTEs declined in Retail Banking (245), Private Banking (85), Commercial Banking (225) and Group Functions (391), partly offset by an increase in FTEs in Merchant Banking (150). The increase in Merchant Banking is due to expansion of the foreign activities and the strengthening of certain product capabilities.

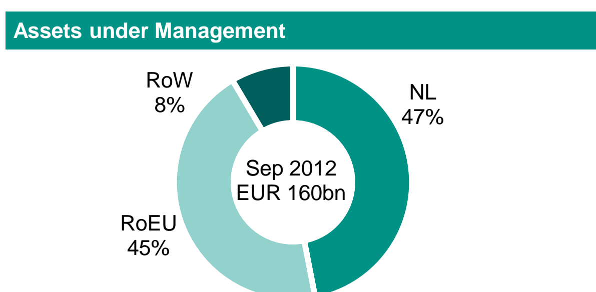


[2] Financial guarantee covering part of the potential credit losses on a portfolio that existed at the time of closing the sale under the EC Remedy.

[3] In both years included in the results of Group Functions. The sale of part of the Greek government-guaranteed exposures in early October provided evidence of a higher recoverable amount for the impairment assessment as at 30 September 2012.

[4] RB stands for Retail Banking, PB for Private Banking, CB for Commercial Banking, MB for Merchant Banking and GF for Group Functions.

- In the first nine months of 2012, Assets under Management (**AuM**) grew by 9% to EUR 160 billion, largely resulting from market performance and, to a lesser extent, from net new assets under management.

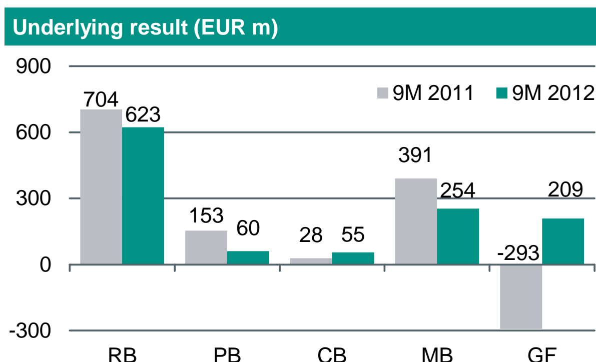


First nine months 2012 by segment

Over the first nine months of 2012, all segments contributed positively to the underlying net profit of EUR 1,201 million. The net result was driven mainly by Retail Banking and Merchant Banking (mainly ECT and Markets including Clearing).

Retail Banking posted a net profit of EUR 623 million, down from EUR 704 million in the first nine months of 2011. Although volumes in savings increased, income was down 4% due to lower savings margins, partly offset by improved margins on mortgage and other consumer loans. New mortgage loan production declined due to the sluggish housing market. Lower securities trading by clients lowered net fee and commissions, partly offset by higher fees for payment and credit card services. Operating expenses declined 3% partly due to lower personnel and external staff expenses. The cost/income ratio remained stable at 54%. Impairment charges, on both mortgage and consumer loans, increased 32% to EUR 252 million.

Private Banking recorded a profit of EUR 60 million, down from EUR 153 million in 9M 2011. Operating income declined by 8% due to the sale of the Swiss activities in 2011 and lower net fee and commission income. The operating result declined by 13%, causing the cost/income ratio to deteriorate by 1 percentage point to 79%. The increase in impairment charges to EUR 106 million (from EUR 14 million) was mainly the result of impairments on a limited number of clients and impairments on (commercial) real estate.



Commercial Banking realised a net profit of EUR 55 million, up from EUR 28 million in 9M 2011. Operating income declined 8% due to the divestment of the international part of the Commercial Finance activities in 2011 and a reclassification of leasing costs. Growth in client lending had a small positive impact on operating income. Operating expenses were down by 16%, due largely to divestments and the reclassification of leasing costs. The operating result improved by 9% and the cost/income ratio improved to 62% from 68% in 9M 2011. Impairment charges in Commercial Banking remained elevated at EUR 373 million, driven by a 22% increase in impairment charges in the Business Banking segment (SMEs), offset by a 25% decline in impairment charges in the Corporate Clients segment. The impairment charges related primarily to (commercial) real estate, construction, manufacturing and retail.

Merchant Banking posted a net profit of EUR 254 million, down from EUR 391 million in 9M 2011. The operating result was up 15%, driven by both net interest income and net fee and commission income in ECT and Markets, offset by lower private equity results. Operating expenses increased 8%, driven by an increase in FTEs. The cost/income ratio improved to 61% from 62% in 9M 2011. Impairment charges increased to EUR 157 million compared with a release of EUR 32 million in the same period in 2011. The impairment charges related primarily to the public sector and (commercial) real estate.

Group Functions realised a net profit of EUR 209 million, up from a loss of EUR 293 million in the first nine months of 2011. The operating result improved sharply, mainly explained by EUR 177 million in restructuring provision recorded in 9M 2011 and an increase in costs rebilled to the businesses. The 9M 2012 result contains a net-of-tax impairment release of EUR 94 million for Greek government-guaranteed corporate exposures, whereas last year's results included a net-of-tax impairment charge of EUR 408 million for these exposures.

Third quarter 2012 compared to second quarter 2012

In the third quarter, reported net profit amounted to EUR 302 million and included separation and integration-related costs of EUR 72 million net of tax. The underlying net profit, which excludes these costs, came to EUR 374 million.

Underlying results

(in EUR million)	*Q3 2012*	*Q2 2012*	*Change*
Net interest income	*1,258*	*1,278*	*-2%*
Net fee and commission income	*386*	*385*	*0%*
Other non-interest income	*167*	*235*	*-29%*
Operating income	1,811	1,898	-5%
Personnel expenses	*570*	*584*	*-2%*
Other expenses	*501*	*545*	*-8%*
Operating expenses	1,071	1,129	-5%
Operating result	**740**	**769**	-4%
Impairment charges on loans and other receivables	208	367	-43%
Operating profit before taxes	**532**	**402**	32%
Income tax expenses	158	61	159%
Profit for the period	**374**	**341**	10%

Other indicators

	Q3 2012	*Q2 2012*	
Underlying cost/income ratio	59%	59%	
Return on average equity	10.9%	11.3%	
Return on average risk-weighted assets (in bps)	118	111	
Net interest income / average total assets (in bps)	117	122	
Cost of risk (in bps)	65	119	
	30 Sep 2012	*30 Jun 2012*	*Change*
Risk-weighted assets / total assets	30%	30%	
Assets under Management (in EUR billion)	159.9	155.0	3%
Risk-weighted assets (in EUR billion)	130.1	124.4	10%
FTEs	23,429	23,863	-2%

In the third quarter of 2012, underlying net profit improved to EUR 374 million, up 10% on the second quarter. The results of both quarters contained several large positive items: EUR 112 million net of tax in Q3 and EUR 81 million net of tax in Q2.

- **Operating income** declined by 5% or EUR 87 million, driven primarily by a decline in other non-interest income and, to a lesser extent, by a decrease in NII. NII declined predominantly due to the newly issued subordinated (Tier 2 capital) instruments. The decline in other non-interest income was driven by a lower release of the credit umbrella and EC Remedy provisions in Q3 than in Q2. Net fee and commission income remained under pressure, but was stable compared with Q2.

- **Operating expenses** declined by 5%, partly as a result of a decline in FTEs following the sale of corporate insurance activities, lower losses from cybercrime and lower depreciation and amortisation in Q3.

- The **operating result** declined by 4% to EUR 740 million and the **cost/income ratio** remained stable at 59%.

- **Impairment charges on loans and other receivables** decreased to EUR 208 million in Q3 2012 from EUR 367 million in Q2 2012. The second quarter included large impairment charges for construction, (commercial) real estate and public sector exposures whereas the third quarter included an impairment release of EUR 125 million for part of the Greek government-guaranteed corporate exposures. Excluding this release, the impairment charges would have declined by EUR 34 million in Q3. Impairments were: EUR 132 million in Commercial Banking, EUR 99 million in Retail Banking, EUR 52 million in Private Banking and EUR 51 million in Merchant Banking. Impairments on mortgage loans increased to EUR 69 million in Q3 from EUR 47 million in Q2.

- The underlying effective **tax rate** for Q3 2012 increased to 30% from 15% in Q2. The effective tax rate increased primarily as a result of a reassessment of the tax position.

Balance sheet

Condensed consolidated statement of financial position

(in EUR million)	*30 Sep 2012*	*31 Dec 2011*
Cash and balances at central banks	7,988	7,641
Financial assets held for trading	33,884	29,523
Financial investments	19,073	18,721
Loans and receivables – banks	62,648	61,319
Of which securities financing activities	*31,406*	*27,825*
Loans and receivables – customers	288,851	272,008
Of which securities financing activities	*25,882*	*16,449*
Other	17,973	15,470
Total assets	**430,417**	**404,682**
Financial liabilities held for trading	22,941	22,779
Due to banks	32,137	30,962
Of which securities financing activities	*12,915*	*12,629*
Due to customers	238,827	213,616
Of which securities financing activities	*38,774*	*25,394*
Issued debt	92,075	96,310
Subordinated liabilities	8,988	8,697
Other	21,460	20,898
Total liabilities	**416,428**	**393,262**
Equity attributable to the owners of the parent company	13,971	11,400
Equity attributable to non-controlling interests	18	20
Total equity	**13,989**	**11,420**
Total liabilities and equity	**430,417**	**404,682**

Main developments in total assets
Total assets grew by 6% to EUR 430 billion at 30 September 2012. Half of this growth was generated by increased client flows in securities financing, and the other half by client lending predominantly in C&MB and changes to valuations of interest rate derivatives.

Financial assets held for trading increased by EUR 4.4 billion to EUR 33.9 billion mainly as result of a shift in the interest curve resulting in changes to valuations of interest rate derivatives. A similar change was recorded in financial liabilities held for trading.

Loans and receivables – customers increased by EUR 16.8 billion to EUR 288.9 billion, partly driven by securities financing activities. The outstanding commercial loans grew by EUR 6.1 billion to almost EUR 89 billion, driven mainly by growth in Merchant Banking (including Clearing). The volume of mortgage loans was virtually stable at EUR 155 billion, as was the volume of other consumer loans at EUR 16.5 billion.

Loans and receivables – customers		
(in EUR million)	***30 Sep 2012***	***31 Dec 2011***
Loans and receivables - customers other (incl. impairments)	**262,969**	**255,559**
R&PB	*178,868*	*178,507*
C&MB	*78,599*	*72,075*
Group Functions	*5,502*	*4,977*
Securities financing activities	**25,882**	**16,449**
Total loans and receivables – customers	**288,851**	**272,008**

Main developments in total liabilities

Total liabilities grew by 6% to EUR 416 billion at 30 September 2012, driven mainly by Due to customers.

Due to customers rose by 12%, just over half of which resulted from increased client activities in securities financing and the remainder mainly from higher deposit and savings levels in the Netherlands and abroad in both Retail and Private Banking and to a lesser extent from deposit inflow from Corporate Clients (part of C&MB). The increase in Retail Banking deposits and savings resulted primarily from conservative consumer behaviour, with reduced client spending increasing the size of the savings market.

Due to customers		
(in EUR million)	***30 Sep 2012***	***31 Dec 2011***
Total deposits	**199,709**	**187,797**
R&PB	*137,842*	*126,279*
C&MB	*58,319*	*54,855*
Group Functions	*3,548*	*6,663*
Other (incl. securities financing activities)	**39,118**	**25,819**
Total due to customers	**238,827**	**213,616**

Issued debt securities showed a net decline of EUR 4.2 billion, caused primarily by a EUR 3.0 billion decline in short-term (CD/CP) paper. Further details are provided in the Liquidity Management & Funding section.

Subordinated liabilities showed a net increase of EUR 0.3 billion, due primarily to the cancellation of a EUR 2.0 billion liability from the former Mandatory Convertible Securities[5] (MCS) offset by newly issued Tier 2 notes.

Total equity gained EUR 2.6 billion, due mainly to the cancellation of the MCS liability[5] (which led to an increase in total equity of EUR 1.6 billion) and the nine month reported net profit of EUR 1.0 billion.

[5] Please refer to section entitled 'Capital position - Main changes in the regulatory capital position'.

Capital position

At 30 September 2012, the Basel II Core Tier 1 ratio improved to 11.4%, the Tier 1 ratio declined to 12.2% and the total capital ratio improved to 17.1%.

Regulatory capital Basel II

(in EUR million)	*30 Sep 2012*	*31 Dec 2011*
Total equity (IFRS)	**13,989**	**11,420**
Participations in financial institutions	-316	- 299
Other regulatory adjustments	1,139	1,484
Core Tier 1 capital	**14,812**	**12,605**
Non-innovative hybrid capital instruments	-	1,750
Innovative hybrid capital instruments	997	994
Tier 1 capital	**15,809**	**15,349**
Subordinated debt (Upper Tier 2)	187	178
Subordinated debt (Lower Tier 2)	6,628	4,709
Participations in financial institutions	-316	- 299
Other regulatory adjustments	-83	- 80
Total capital	**22,225**	**19,857**
Risk-weighted assets	**130,075**	**118,286**
Credit risk RWA	107,797	101,609
Operational risk RWA	15,461	13,010
Market risk RWA	6,817	3,667
Core Tier 1 ratio	**11.4%**	**10.7%**
Tier 1 ratio	**12.2%**	**13.0%**
Total capital ratio	**17.1%**	**16.8%**

Note: Core Tier 1 ratio is defined as Tier 1 capital excluding all hybrid capital instruments divided by RWA.

Main changes in the regulatory capital position

As part of the preparations for Basel III / CRD IV, ABN AMRO strengthened its capital. In the third quarter, two subordinated notes were issued in EUR and USD totalling EUR 2.2 billion in new Tier 2 capital. In addition, the EUR 1.65 billion subordinated note held by the Dutch State was restructured to enhance the note's eligibility under Basel III / CRD IV. In October, another Tier 2 note was issued for SGD 1 billion (EUR 632 million), the effect of which is not included in the numbers and ratios at 30 September 2012.

In the first half of 2012, ABN AMRO and Ageas settled the outstanding legal disputes[6], which resulted in a one-off cash payment of EUR 400 million to Ageas and the conversion of EUR 1.75 billion of hybrid Tier 1 capital into EUR 1.6 billion of Core Tier 1 capital. Consequently, Tier 1 capital and total capital decreased by EUR 150 million.

Of the year-to-date net reported profit attributable to shareholders of EUR 1,046 million, 60% or EUR 628 million is included in Core Tier 1 capital. This is in accordance with the dividend policy, which aims to pay out 40% of reported net profit.

Increases in **credit risk RWA** were primarily caused by business growth (EUR 5.0 billion) and application of the standardised approach for part of the Large Corporates portfolio (growth of EUR 6.6 billion). These increases in credit risk RWA were offset by releases totalling EUR 5.9 billion following the completion of separation and integration activities. **Operational risk RWA** and **market risk RWA** increased primarily pending the transition from the standardised to the advanced approach.

Basel III / CRD IV

The implementation of Basel III / CRD IV leads to lower capital ratios. Under the new draft rules, capital requirements are expected to increase, additional capital deductions are to be introduced and prudential filters will be adjusted. The latest draft CRD IV states that certain rules will be phased in. Application of the current draft rules, as in force from 2013, to the capital position of 30 September 2012 would result in a Common Equity Tier 1 (CET1) ratio of 10.4%, above ABN AMRO's targeted CET1 ratio of at least 10% as

[6] For more details, please refer to the press release of 28 June 2012.

from 2013. The fully-loaded CET 1 ratio would be 9.2% excluding transitional arrangements for capital instruments.

Regulatory capital ratios (based on 30 September 2012 actuals)

		Pro Forma Basel III / CRD IV	
	Basel II	***phase-in 2013***	***full phase-in 2013****
Core Tier 1 / Common Equity Tier 1 ratio	11.4%	10.4%	9.3%
Tier 1 ratio	12.2%	11.1%	9.9%
Total capital ratio	17.1%	14.9%	13.9%

* *Full phase-in rules include transitional arrangements for capital instruments.*

Basel III further proposes a minimum leverage ratio of 3% by 2018. ABN AMRO's leverage ratio was 3.1% at 30 September 2012 (unchanged from 3.1%[7] at year-end 2011), using current Basel II Tier 1 capital as a basis.

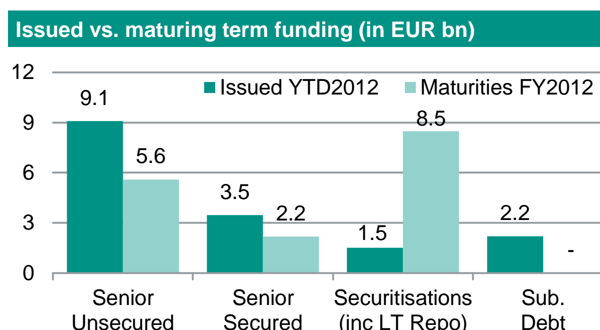
Impact of amendment in IAS 19

The European Commission has endorsed the amendments to IAS 19 for the recognition of employee benefits, effective for periods beginning on or after 1 January 2013. The impact has been calculated for transparency purposes.

If these amendments had been applied in 2012, they would have resulted in a negative impact on total equity of EUR 857 million (net of tax) at 30 September 2012. As long as the funded status is positive (i.e. assets exceed liabilities), these amendments do not impact CET1 capital under fully-loaded Basel III rules. A defined-benefit pension fund liability (assets below liabilities) is directly recognised in CET1. Under the Basel III phase-in rules, a positive effect of a net pension asset is expected to decrease to zero over a five-year period beginning 2013. The impact of these amendments on total equity is expected to be highly volatile.

Liquidity Management & Funding

ABN AMRO raises its funding primarily through savings and deposits from R&PB and C&MB clients. Despite competition for savings and deposits in ABN AMRO's home market, the bank was able to attract higher amounts of customer deposits and savings. At 30 September 2012, total customer deposits[8] had grown by EUR 11.9 billion compared with year-end 2011. Retail and Private Banking, both in the Netherlands and abroad, contributed to the growth in deposits and savings.



As a result of pre-financing raised in 2011, ABN AMRO had refinanced all long-term funding maturing in 2012 by April this year. Term funding raised since then has been used primarily to finance business growth and 2013 funding requirements. In the first nine months of 2012, a total of EUR 14.1 billion was issued in term funding (excluding subordinated debt) in various maturities and in all major currencies and included a benchmark transaction of 500 million Chinese yuan (EUR 62 million). Of the term funding issued, 65% was in senior unsecured bonds, 25% in covered bonds and 11% in RMBS (including LT repos). The average original maturity of the newly issued funding[9] in the first nine months of 2012 was 6.7 years, which brings the average outstanding maturity of the long-term funding to 4.4 years (this was 3.6 years at YE2011).

The funding profile further improved as short-term CD/CP funding declined (down EUR 3.0 billion) and the balance between unsecured funding (up EUR 5.0 billion) on the one hand and securitisations and covered bonds (down EUR 6 billion, excluding long-term repos) on the other hand also improved. In the next 12

[7] The leverage ratio for year-end 2011 has been recalculated and therefore differs from the leverage ratio reported in the Annual Report 2011.
[8] Excluding securities financing.
[9] Including subordinated debt.

months, EUR 12.5 billion of term funding is scheduled to mature[10] (46% securitisations, 24% unsecured funding, 18% secured funding and 11% subordinated debt).

ABN AMRO issued two subordinated notes in Q3: EUR 1.0 billion was raised from European institutional investors and USD 1.5 billion (EUR 1.2 billion) was raised from Asian retail and private banking clients. In October, ABN AMRO issued another subordinated note of SGD 1 billion (EUR 632 million) to institutional, retail and private banking clients predominantly in Singapore. These transactions, as well as the senior unsecured Chinese yuan transaction demonstrate ABN AMRO's strong market access and improved our geographical funding footprint.

Liquidity parameters	*30 Sep 2012*	*31 Dec 2011*
Loan-to-Deposit ratio	126%	130%
Available liquidity buffer (in EUR billion)	58.1	58.5

The Loan-to-Deposit ratio improved 4 percentage points to 126% on 30 September 2012, from 130% at year-end 2011, due to the higher increase in customer deposits and savings compared with the increase in the customer loan book.

The liquidity buffer of EUR 58.1 billion remained virtually stable compared with year-end 2011. The composition thereof changed: RMBSs increased strongly and the cash decreased by a similar magnitude.

Basel III / CRD IV
Basel III introduces two liquidity ratios: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), both of which are expected to be set at a required minimum of 100%[11]. The LCR improved to 69%, driven mainly by an increase of cash inflows, and the NSFR was 101% at 30 June 2012. Calculations are based on the current assumptions and regulatory guidance. ABN AMRO currently monitors these liquidity requirements and targets compliance by the end of 2013.

Risk management update

The impaired portfolio increased to EUR 9 billion at 30 September 2012, up EUR 0.5 billion from year-end 2011. Movements in the impaired portfolio are a reflection of the current economic conditions in the Netherlands and to a lesser extent abroad. Lower investments and lower consumer confidence are mainly affecting the SME market (where impairment levels remained elevated) and the real estate sector.

Impairment charges on loans and other receivables decreased to EUR 762 million from EUR 989 million in the first nine months of 2011. Last year's impairments included EUR 500 million from Greek government-guaranteed exposures, whereas this year saw a release of EUR 125 million. Excluding the impact of these Greek exposures, impairment charges increased by 81%. The cost of risk (impairment charges expressed in basis points of average RWA levels) was 82bps, down from 117bps in 9M 2011. Excluding the Greek impairments, the cost of risk was 95bps for 9M 2012, up from 58bps in 9M 2011.

The coverage ratio for the total on- and off-balance sheet credit risk exposure decreased from 60.5% at year-end 2011 to 57.1% on 30 September 2012. Following the sale of part of the Greek government-guaranteed corporate exposures in early October 2012 the coverage ratio was 58.7%. Furthermore, the coverage ratio declined as certain exposures were impaired for which the recovery prospects justify a relatively low impairment charge.

Annex 4 contains more detailed information on past due and impaired exposures.

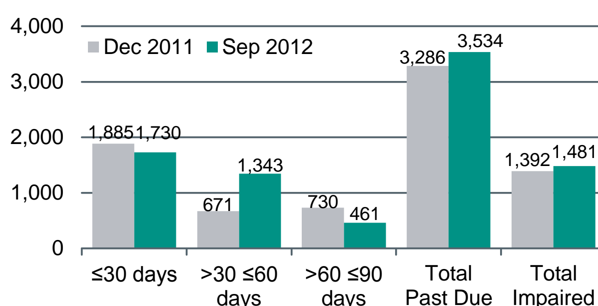
[10] Assumes the redemption on the earliest possible call date or otherwise the legal maturity date. Early redemption of subordinated instruments is subject to the approval of regulators.

[11] Regulatory compliance is required by 2015 for the LCR and 2018 for the NSFR.

Residential mortgage loan portfolio
In the Netherlands, the number of mortgage loan transactions continued to decline, dropping 8% year-to-date. In the first nine months of 2012, new mortgage loan production the Netherlands fell 31% to EUR 33.1 billion compared with the same period in 2011. The average house price declined to EUR 216,849 at 30 September 2012, down 6% from EUR 230,582 at year-end 2011.[12]

The bank's mortgage loan portfolio remained virtually stable at EUR 155 billion. The new mortgage loan production declined 2% year-to-date. The average market share was up to 22% for the first nine months of 2012.[13] The average indexed loan to market value (LtMV) of the residential mortgage loan portfolio increased to 82% at 30 September 2012 (77% at year-end 2011). NHG mortgage loans were 23% of the total mortgage loan portfolio and 58% of new production.

The past due portfolio increased to EUR 3.5 billion at 30 September 2012 from EUR 3.3 billion at year-end 2011, mainly due to an increasing number of customers facing unemployment, deteriorating economic conditions and seasonal effects. Measures such as pro-active client support and pre-arrear assistance, were intensified to mitigate increased risk.



For the first nine months of 2012, the annualised impairment charges were 13bps of total mortgage loans, up from 9bps over the same period last year. The impaired ratio for residential mortgage loans remained unchanged at 0.9% compared to year-end 2011. Lower recoveries as a result of a deteriorating house market caused an increase in provision rates. This resulted in an additional impairment charge in the third quarter of 2012. The coverage ratio for mortgage loans increased to 18.4%, from 17.2% at year-end 2011.

Other consumer loans
The impaired portfolio remained stable at 3.2%. Despite this, the impairment charges for this portfolio rose by 9% in 9M 2012 from 9M 2011. Risk measures taken in previous years caused realised losses to increase only moderately.

SME portfolio
This portfolio, part of Commercial Banking, saw further increases in impairment charges, reflecting the adverse conditions under which SME clients are currently operating. Higher impairment charges were recorded in all industry sectors, with relatively high impairment charges on exposures in (commercial) real estate, construction and horticulture.

Real Estate & Commercial Real Estate portfolio
The majority of (commercial) real estate exposures consist of investments in Dutch property and is related to professional clients of Merchant Banking, Commercial Banking (including public sectors) and Private Banking. Exposures to office investments and land banks are limited. The exposure at default (EAD) of the real estate exposures at 30 September 2012 showed a slight increase compared with EUR 9.5 billion EAD at year-end 2011. Stringent (commercial) real estate loan approval policies are in place and the portfolio is receiving increased management attention.

European exposures
At 30 September 2012, the total consolidated government exposures to Southern European countries was unchanged at EUR 0.4 billion: Italy at EUR 0.3 billion and Spain at EUR 0.1 billion. Following the sale in early October of part of the Greek government-guaranteed corporate exposures, the exposures declined to a notional of EUR 1.0 billion, or EUR 0.3 billion after impairment charges.

---

[12] All data in this paragraph is sourced from the 'Vastgoed Dashboard' published by the Dutch Land Registry Office (Kadaster) on www.kadaster.nl

[13] Source: Dutch Land Registry Office (Kadaster), www.kadaster.nl.

Integration

Most integration projects have now been successfully completed. The transfer of client data resulting from the sale of the EC Remedy activities to Deutsche Bank Nederland was completed in the third quarter and the transfer of Dutch ECT clients to ABN AMRO's systems was successfully completed in the weekend 10-11 November 2012.

Pre-tax integration costs in the first nine months of 2012 amounted to EUR 209 million (EUR 156 million net of tax), bringing total pre-tax integration costs to EUR 1.4 billion at 30 September 2012. Integration synergies came to almost EUR 0.9 billion at 30 September 2012. The remaining client-related integration activities, which are much smaller in size, are on track and are expected to be finalised in 2012 as planned and within the original overall budget of EUR 1.6 billion.

Update since 1 October 2012

Solveon Incasso

ABN AMRO expects to complete the proposed sale of Solveon Incasso B.V. to Lindorff Group AB in Q4 2012. Solveon provides debt collection services to ABN AMRO, among others, and is not part of the bank's core businesses. Solveon currently employs 122 people.

EBA capital exercise

On 3 October 2012, ABN AMRO announced it met the 9% EBA Core Tier 1 ratio including the sovereign buffer as stated in the EBA December 2011 recommendation.

Raet

On 4 October 2012, ABN AMRO reached agreement to transfer parts of the HR Services, HR Management Information and related IT support to Raet. At the end of the year 120 employees will be transferred to Raet.

Subordinated debt issue in Singapore dollars

On 17 October 2012, ABN AMRO issued a subordinated note of SGD 1 billion (EUR 632 million) to institutional, retail and private banking clients predominantly in Singapore. This transaction will further strengthen the amount of total capital under Basel II. Based on the current draft CRD IV this subordinated note – like other subordinated notes issued in 2011 and 2012 - is expected to be eligible for Tier 2 qualification and should enhance CRD IV capital ratios as from January 2013.

Banco CR2

On 25 October 2012, ABN AMRO announced that agreement had been reached on the acquisition of Banco CR2 S.A. Banco CR2 is a small privately owned commercial bank based in Brazil. Upon completion of the acquisition, ABN AMRO will be able to offer on-shore products authorised under Brazilian banking regulations to existing ECT clients. Completion of this transaction is subject to customary conditions being met, including approval by the relevant regulatory authorities.

New collective labour agreement

On 1 November 2012, ABN AMRO announced it had reached an agreement in principle with the labour unions. The new collective labour agreement will remain in force until the end of 2013. The new Social Plan will enter into force on 1 January 2013 and will remain in force until 1 January 2015.

For further information, please contact:

ABN AMRO Press Office
pressrelations@nl.abnamro.com
+31 20 6 288 900

ABN AMRO Investor Relations
Investorrelations@nl.abnamro.com
+31 20 6 282 282

Annex 1: Reconciliation from reported to underlying results

The reported figures were impacted by several items related to the integration of ABN AMRO Bank and FBN. To ensure a better understanding of the underlying trends, the 2012 and 2011 figures have been adjusted for these items.

Income Statement

	Reported		Separation & integration-related costs		Underlying	
(in EUR million)	**9M 2012**	**9M 2011**	**9M 2012**	**9M 2011**	**9M 2012**	**9M 2011**
Net interest income	*3,773*	*3,807*	*-*	*-*	*3,773*	*3,807*
Net fee and commission income	*1,174*	*1,396*	*-*	*-*	*1,174*	*1,396*
Other non-interest income	*677*	*746*	*-*	*-*	*677*	*746*
Operating income	5,624	5,949	-	-	5,624	5,949
Operating expenses	3,527	3,991	209	231	3,318	3,760
Operating result	**2,097**	**1,958**	**- 209**	**-231**	**2,306**	**2,189**
Impairment charges on loans and other receivables	762	989	-	0	762	989
Operating profit before taxes	**1,335**	**969**	**- 209**	**-231**	**1,544**	**1,200**
Income tax	290	159	- 53	-58	343	217
Profit for the period	**1,045**	**810**	**- 156**	**-173**	**1,201**	**983**

Separation and integration-related costs

	9M 2012		**9M 2011**	
(in EUR million)	**Gross**	**Net**	**Gross**	**Net**
R&PB	*14*	*11*	*19*	*15*
C&MB	*2*	*1*	*16*	*12*
Group Functions (incl. restructuring provisions)	*192*	*144*	*194*	*145*
Integration costs	**208**	**156**	**229**	**172**
Separation costs	**1**	**-**	**2**	**1**
Total	**209**	**156**	**231**	**173**

Annex 2: Large items and divestments

Impact of large items

9M 2012: Several positive large items were recorded, totalling EUR 253 million positive net of tax. These items relate to releases from the credit umbrella, other EC Remedy-related provisions totalling EUR 147 million net of tax, a release of Greek impairments of EUR 94 million net of tax (EUR 125 million pre-tax), and the remainder was attributable to a release of a provision related to the sale of the Swiss private banking activities.

This was EUR 112 million positive net of tax in Q3, EUR 81 million positive net of tax in Q2 and EUR 60 million positive net of tax in Q1.

9M 2011: Net profit for the first nine months of 2011 included large items totalling EUR 390 million negative net of tax. These items include a restructuring provision (EUR 177 million pre-tax, EUR 132 million net of tax), Greek impairments (EUR 500 million pre-tax, EUR 408 million net of tax) and several positive one-offs (totalling approximately EUR 150 million net of tax).

Impact of divestments

Divestment of the commercial insurance operations was completed on 2 July 2012. The result of this transaction is negligible, as is its impact on different P&L line items.

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

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

Annex 3: Quarterly results

Quarterly results							
(in EUR million)	***Q3 2012***	***Q2 2012***	***Q1 2012***	***Q4 2011***	***Q3 2011***	***Q2 2011***	***Q1 2011***
Net interest income	*1,258*	*1,278*	*1,237*	*1,191*	*1,241*	*1,302*	*1,264*
Net fee and commission income	*386*	*385*	*403*	*415*	*423*	*486*	*487*
Other non-interest income	*167*	*235*	*275*	*239*	*175*	*290*	*281*
Operating income	1,811	1,898	1,915	1,845	1,839	2,078	2,032
Operating expenses	1,071	1,129	1,118	1,235	1,162	1,422	1,176
Operating result	**740**	**769**	**797**	**610**	**677**	**656**	**856**
Impairment charges on loans and other receivables	208	367	187	768	679	185	125
Operating profit before taxes	**532**	**402**	**610**	**- 158**	**- 2**	**471**	**731**
Income taxes	158	61	124	- 135	- 11	80	148
Underlying profit for the period	**374**	**341**	**486**	**- 23**	**9**	**391**	**583**
Separation and integration costs (net of tax)	72	52	32	98	63	66	44
Reported profit for the period	**302**	**289**	**454**	**- 121**	**- 54**	**325**	**539**
Attributable to:							
Non-controlling interests	1	- 2	-	-	16	2	6
Owners of the company	301	291	454	- 121	- 70	323	533

Annex 4: Risk tables

Financial assets past due but not impaired

(in EUR million)

30 September 2012

	Gross carrying amount	Carrying amount of assets (not classified as impaired)	≤30 days past due	> 30 days & ≤ 60 days past due	> 60 days & ≤90 days past due	>90 days past due	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**62,674**	**62,650**	**-**	**-**	**-**	**-**	**-**	**0.0%**
Loans and receivables - customers								
Residential mortgage (incl. fair value adjustment from hedge accounting)	159,626	158,145	1,730	1,343	461	-	3,534	2.2%
Other consumer loans	16,539	16,005	29	12	6	37	84	0.5%
Total consumer loans[1]	**176,165**	**174,150**	**1,759**	**1,355**	**467**	**37**	**3,618**	**2.1%**
Commercial loans (incl. fair value adjustment from hedge accounting)	89,780	82,897	671	23	2	39	735	0.8%
Other commercial loans[2]	27,365	27,338	6	1	1	2	10	0.0%
Total commercial loans	**117,145**	**110,235**	**677**	**24**	**3**	**41**	**745**	**0.6%**
Government and official institutions	1,105	1,105	-	-	-	-	-	0.0%
Total Loans and receivables - customers	**294,415**	**285,490**	**2,436**	**1,379**	**470**	**78**	**4,363**	**1.5%**
Accrued income and prepaid expenses	4,941	4,941	-	-	-	-	-	0.0%
Total accrued income and prepaid expenses	**4,941**	**4,941**	**-**	**-**	**-**	**-**	**-**	**0.0%**
Other assets	4,408	4,397	44	-	-	-	44	1.0%
Total	**366,438**	**357,478**	**2,480**	**1,379**	**470**	**78**	**4,407**	**1.2%**

31 December 2011

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

[1] Consumer loans in the program lending portfolio that are more than 90 days past due are immediately impaired.
[2] Other commercial loans consist of: reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

Impaired credit risk exposure

(in EUR million)	30 September 2012					31 December 2011				
	Gross carrying amount	*Impaired exposures*	*Allowances for Impairments for identified credit risk*	*Coverage ratio*	*Impaired ratio*	*Gross carrying amount*	*Impaired exposures*	*Allowances for Impairments for identified credit risk*	*Coverage ratio*	*Impaired ratio*
Loans and receivables - banks	**62,674**	**24**	**- 24**	**100.0%**	**0.0%**	**61,345**	**24**	**- 24**	**100.0%**	**0.0%**
Loans and receivables - customers	-	-	-	0.0%	0.0%	-	-	-	0.0%	0.0%
Residential mortgage (incl. fair value adjustment from hedge accounting)	159,626	1,481	- 272	18.4%	0.9%	159,031	1,392	- 239	17.2%	0.9%
Other consumer loans	16,539	534	- 295	55.2%	3.2%	16,275	514	- 288	56.0%	3.2%
Total consumer loans	**176,165**	**2,015**	**- 567**	**28.1%**	**1.1%**	**175,306**	**1,906**	**- 527**	**27.6%**	**1.1%**
Commercial loans (incl. fair value adjustment from hedge accounting) [1]	89,780	6,883	- 4,543	66.0%	7.7%	83,487	6,610	- 4,606	69.7%	7.9%
Other commercial loans [2]	27,365	27	- 26	96.3%	0.1%	17,303	26	- 26	100.0%	0.2%
Total commercial loans	**117,145**	**6,910**	**- 4,569**	**66.1%**	**5.9%**	**100,790**	**6,636**	**- 4,632**	**69.8%**	**6.6%**
Government and official institutions	1,105	-	-		0.0%	1,432	-	-		0.0%
Total Loans and receivables - customers	**294,415**	**8,925**	**- 5,136**	**57.5%**	**3.0%**	**277,528**	**8,542**	**- 5,159**	**60.4%**	**3.1%**
Accrued income and prepaid expenses	4,941	-	-	0.0%	0.0%	4,369	-	-	0.0%	0.0%
Total accrued income and prepaid expenses	**4,941**	**-**	**-**	**0.0%**	**0.0%**	**4,369**	**-**	**-**	**0.0%**	**0.0%**
Other assets	4,408	11	- 3	27.3%	0.2%	2,772	1	- 1	100.0%	0.0%
Total on-balance sheet	**366,438**	**8,960**	**- 5,163**	**57.6%**	**2.4%**	**346,014**	**8,567**	**- 5,184**	**60.5%**	**2.5%**
Total off-balance sheet	103,228	85	-	0.0%	0.1%	98,466	18	- 7	38.9%	0.0%
Total credit risk exposure	**469,666**	**9,045**	**- 5,163**	**57.1%**	**1.9%**	**444,480**	**8,585**	**- 5,191**	**60.5%**	**1.9%**

[1] Includes the impairment of the Madoff exposure and the impairment on the Greek corporate government-guaranteed exposure.
[2] Other commercial loans consist of: reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

Cautionary statement on forward-looking statements

We have included in this press release, and from time to time may make certain statements in our public filings, press releases or other public statements that may constitute “forward-looking statements” within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995. This includes, without limitation, such statements that include the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘should’, ‘intend’, ‘plan’, ‘probability’, ‘risk’, ‘Value-at-Risk (“VaR”)’, ‘target’, ‘goal’, ‘objective’, ‘will’, ‘endeavour’, ‘outlook’, 'optimistic', 'prospects' and similar expressions or variations on such expressions.

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

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

- The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and ABN AMRO Group in particular;
- The effect on ABN AMRO Group ’s capital of write-downs in respect of credit exposures;
- Risks related to ABN AMRO Group’s merger, separation and integration process;
- General economic, social and political conditions in the Netherlands and in other countries in which ABN AMRO Group has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO Group 's performance, liquidity and financial position;
- Macro-economic and geopolitical risks;
- Reductions in ABN AMRO’s credit rating;
- 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-20 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Liquidity risks and related market risk losses;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;
- Changes in Dutch and foreign laws, regulations and taxes;
- Changes in competition and pricing environments;
- Inability to hedge certain risks economically;
- Adequacy of loss reserves and impairment allowances;
- Technological changes;
- Changes in consumer spending, investment and saving habits;
- Effective capital and liquidity management; and
- The success of ABN AMRO Group in managing the risks involved in the foregoing.

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

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