

Interim Report & Quarterly Report

Second quarter 2019

About this report

Introduction

This Quarterly Report presents ABN AMRO's results for the second quarter of 2019, the interim report for 2019 and the Condensed consolidated Interim Financial Statements for 2019. The report provides a quarterly business and financial review as well as risk, funding, liquidity and capital disclosures.

Presentation of information

The Condensed consolidated Interim Financial Statements in this report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and are reviewed by our external auditor. Some disclosures in the Risk, funding & capital information section of this report are part of the Condensed consolidated Interim Financial Statements and are labelled as 'reviewed' in the respective tables or headings.

This report is presented in euros (EUR), which is ABN AMRO's presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe these month-end averages present trends that are materially different from those that would be presented by daily averages. Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

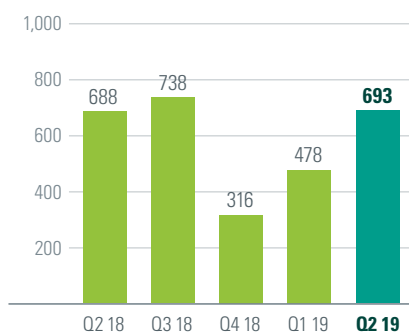
On 29 June 2019, ABN AMRO Bank N.V. merged with its parent company ABN AMRO Group N.V. As a result of the merger, ABN AMRO Group N.V. ceased to exist. The activities of ABN AMRO Group N.V. have been integrated into and continued in ABN AMRO Bank N.V. As a result, the figures presented in this Interim Report & Quarterly Report represent figures for ABN AMRO Bank N.V.

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, a roadshow booklet and a factsheet regarding the Q2 2019 results.

Figures at a glance

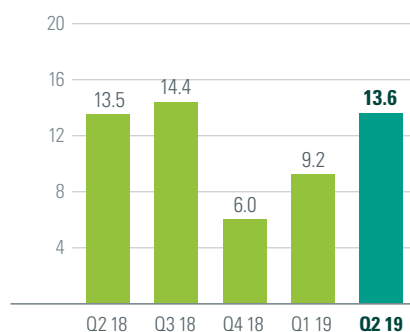
Net profit¹

(in millions)



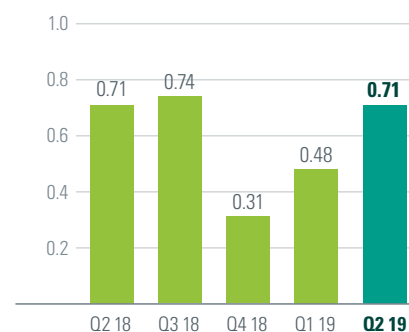
Return on equity^{2,3}

Target range is 10-13 (in %)



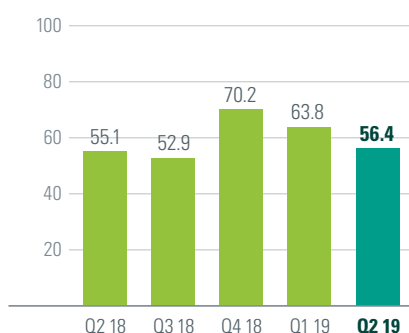
Earnings per share⁴

(in EUR)



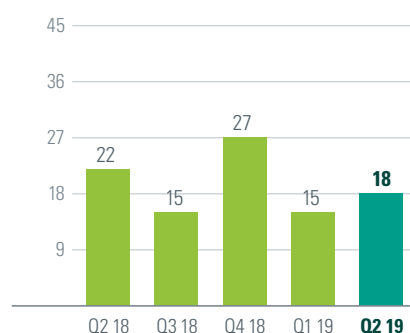
Cost/income ratio

2020 target range is 56-58 (in %)



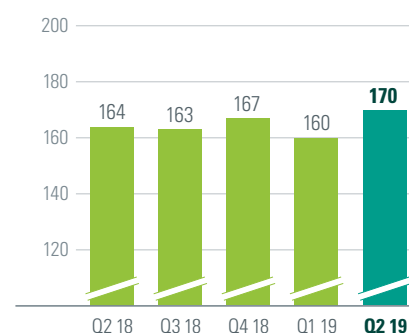
Cost of risk²

(in bps)



Net interest margin

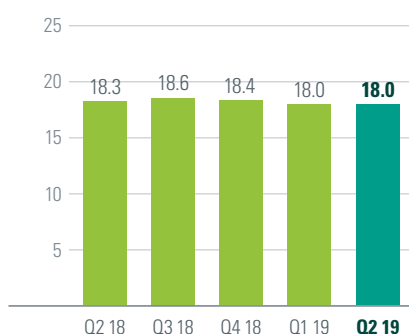
(in bps)



CET1⁵

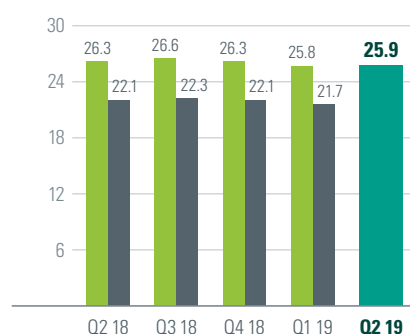
(end-of-period, in %)

Target range is 17.5-18.5 (in %)



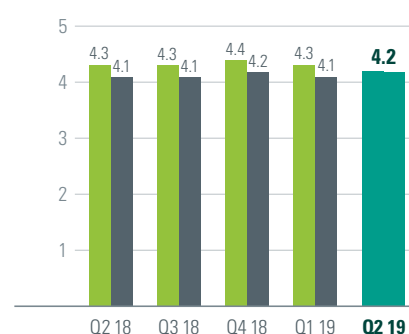
Total capital ratio⁶

(end-of-period, in %)



Leverage ratio (CDR)^{5,6}

(end-of-period, in %)



¹ Comparative figures 2018 have been restated. Please refer to note 1 of the Interim Financial Statements.

² Calculation based on annualised figures.

³ Annualised profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company excluding AT1 capital securities.

⁴ Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

⁵ As from Q1 2019 profits attributable to owners of the parent company, excluding AT1 capital securities, are no longer added to CET1 capital. If H1 2019 profits attributable to owners of the parent company, excluding AT1 capital securities, had been added based on last year's 62% pay out ratio, the CET1 ratio would be 0.4 percentage point higher in Q2 2019 and the leverage ratio would be 0.1 percentage point higher in Q2 2019.

⁶ The grey bars represent the previously published figures of the former ABN AMRO Group N.V.

Message from the CEO

ABN AMRO reported strong results this past quarter, with a net profit of EUR 693 million, reflecting higher net interest income, continued solid operational performance and moderate impairments. The Dutch economy continues to perform well, even though the economic and interest rate outlook is becoming more challenging as interest rates came down further in the last quarter. We remain focused on our targets in this challenging environment.

We are making good progress in further embedding our strategy, which has a key focus on sustainability. We were therefore very pleased that ABN AMRO was named Western Europe's Best Bank for Sustainable Finance by Euromoney, recognising that every part of the bank is looking to have an environmental or social purpose. We also received the award for The Netherlands' Best Investment Bank for local leadership, emphasising our strong local market position. Our focus on sustainability both in terms of profitability and our impact on the environment, was also commended. We will continue to implement our plans to reduce our RWAs and further improve profitability at Corporate & Institutional Banking to an ROE of more than 10%, and are progressing well on this front.

We are focusing on an effortless and data-driven customer experience. We are strengthening our lead in video banking at Retail Banking and are extending this service to all businesses. Video banking drives operational efficiencies and at the same time helps improve customer satisfaction. In the second quarter, our mortgage market share improved to 17% while maintaining pricing discipline. We expect the improvement in market share to continue in the next quarter. To offer our clients mortgages at long fixed interest rates, we launched a fund for 30-year mortgages, enabling us to benefit from strong demand for long-term mortgages in the Dutch market.

We are building a future-proof bank and have started transforming I&T into small teams, combining operations and development. Together with further automation, this will accelerate time-to-market and improve efficiency.

We have finalised the sale of Stater and our private banking activities in the Channel Islands and remain open to bolt-on acquisitions within our geographical footprint.

We welcome the plans of the Dutch government to jointly combat financial crime and achieve broader cooperation between banks, law enforcement and regulators on both a national and European level. After our announcement at Q4 on detecting financial crime, we centralised and bolstered our customer due diligence (CDD) activities. More than 1,000 people are currently fully committed to this, and this number will increase substantially in the next few years. Recently, the Dutch central bank (DNB) determined that we are to review all our retail clients in the Netherlands. Consequently, we will undertake further measures and extend our CDD remediation programme, for which we have made an additional provision of EUR 114 million. In general, across the bank we will take all remedial actions necessary to ensure full compliance with legislation. Sanctions, such as an instruction, fines, may be imposed by the authorities.

Our Q2 2019 net profit was EUR 693 million, including the proceeds from the sale of Stater and the CDD remediation programme provision in Retail Banking. Net interest income was strong, in spite of the low interest rate environment. Costs were lower, excluding the provision for CDD at Retail Banking, owing to cost-saving programmes and reflecting solid operational performance. Impairments were lower than last year and well below the through-the-cycle average of 25-30 basis points. The overall credit quality trend in our loan book remained positive. The cost/income ratio was 56.4% and return on equity (ROE) was 13.6%. If regulatory levies were to be divided equally over the year, return on equity and the cost/income ratio in Q2 would have been 58.7% and 12.5% respectively. Our capital position remains strong, with a CET1 ratio of 18.0% (18.4% if H1 2019 profits attributable to shareholders are added based on a 62% pay-out¹). The Basel IV CET1 ratio remained largely unchanged versus year-end 2018, excluding H1 2019 profit. ABN AMRO Bank has become the reporting entity since

¹ Dividend pay-out 2018.

the legal merger was finalised. This merger has benefited the leverage ratio, which stood at 4.2% in Q2. We are strongly capitalised and well positioned to manage the transition through TRIM and Basel IV.

Regulators are focusing on capital regulation, including Basel IV, TRIM (the assessment and harmonisation of internal RWA models), provision reviews and NPE, the industry-wide Non-Performing Exposure guidance, and we saw the effects of this during the past quarter. We expect further regulatory impact going forward. We actively engage with the regulator and our capital management reflects the current economic and regulatory outlook as well as our approach to sustainable dividends. The interim dividend has been set at EUR 0.60 per share, a 50% pay-out of sustainable profit, which is in line with last year. We are within the capital target range and expect to be well placed to consider additional distributions of above 50% of sustainable profit at full year results.

Interest rates continued to come down in the last quarter, predominantly impacting deposit margins. As client rates are close to zero, it will be increasingly difficult to offset the decline and over time margin pressure will increase further. We are taking action by focusing on margins, developing revenue opportunities and strict cost discipline, despite rising regulatory and compliance costs.

In June, I announced that I would not serve a new term of office following the end of my current term, which will expire in April 2020. I remain fully committed to further accelerating the bank's strategy and pursuing our purpose together with our employees and clients in the months ahead.

Kees van Dijkhuizen

CEO of ABN AMRO Bank N.V.

Financial review

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

Results

Financial highlights

- ▶ Net profit for Q2 was strong at EUR 693 million, reflecting solid operational performance and moderate impairments.
- ▶ Result included EUR 114 million for customer due diligence (CDD) remediation programme at Retail Banking
- ▶ The cost/income ratio over the first six months was 59.9% and return on equity (ROE) was 11.4%; we remain focused on our targets in a challenging environment.
- ▶ Strong capital position with CET1 ratio of 18.0% excluding H1 2019 profits, well positioned to manage the transition through TRIM and Basel IV.

Operating results

(in millions)	Q2 2019	Q2 2018	Change	Q1 2019	Change	First half 2019	First half 2018	Change
Net interest income	1,681	1,656	2%	1,573	7%	3,254	3,327	-2%
Net fee and commission income	413	425	-3%	414		827	856	-3%
Other operating income	228	207	10%	94	142%	322	433	-26%
Operating income	2,321	2,288	1%	2,081	12%	4,403	4,617	-5%
Personnel expenses	555	581	-5%	567	-2%	1,122	1,210	-7%
Other expenses	755	680	11%	760	-1%	1,515	1,400	8%
Operating expenses	1,310	1,261	4%	1,327	-1%	2,636	2,609	1%
Operating result	1,012	1,027	-1%	754	34%	1,766	2,007	-12%
Impairment charges on financial instruments	129	134	-4%	102	26%	231	341	-32%
Operating profit/(loss) before taxation	883	893	-1%	652	35%	1,535	1,666	-8%
Income tax expense ¹	190	204	-7%	174	9%	363	370	-2%
Profit/(loss) for the period¹	693	688	1%	478	45%	1,172	1,296	-10%
Attributable to:								
Owners of the parent company ¹	693	684		478		1,172	1,271	
Non-controlling interests		5					25	
Other indicators								
Net interest margin (NIM) (in bps)	170	164		160		165	165	
Cost/income ratio	56.4%	55.1%		63.8%		59.9%	56.5%	
Cost of risk (in bps) ²	18	22		15		17	27	
Return on average Equity ³	13.6%	13.5%		9.2%		11.4%	12.5%	
Dividend per share ⁴						0.60	0.65	
Earnings per share (in EUR) ⁵	0.71	0.71		0.48		1.19	1.30	
Client Assets (end of period, in billions)	309.2	308.2		302.2				
Risk-weighted assets (end of period, in billions)	106.6	104.5		108.0				
Employee FTEs (end of period)	17,952	19,215		18,962				
Non employee FTEs (end of period)	4,152	4,381		4,362				

¹ Comparative figures of 2018 have been restated. Please refer to note 1 of the Interim Financial Statements.

² Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

³ Annualised profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company excluding AT1 capital securities.

⁴ Interim/final dividend per share over the relevant period as declared/proposed by the company, subject to approval at the annual general meeting.

⁵ Profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Large incidentals

Q2 2019

Provision for the Customer Due Diligence (CDD) project

In Q2 2019, we made a EUR 114 million provision for a CDD remediation programme at Retail Banking. DNB has determined that we are to review all our retail clients in the Netherlands, for which we will undertake a further CDD remediation programme. The CDD remediation programme will ensure all our retail clients in the Netherlands have an appropriate risk and transaction profile, which will enhance transaction monitoring and filing of unusual transaction reports. The new client take-on process will be included in the programme.

Divestment Stater

Q2 2019 included a EUR 130 million book gain (tax exempt) in other income of Group Functions. ABN AMRO sold 75% of its Stater shares to Infosys at the end of May 2019.

Various one-offs including DSB

Q2 2019 included EUR 45 million for one-offs, largely relating to DSB due to the positive revaluation of a claim.

Q2 2018 & Q1 2019

Provision for SME derivatives-related issues

Q1 2019 included a EUR 34 million addition to the provision for client compensation (recorded in other operating income). In addition, an update of the provision for project costs of EUR 10 million was included in other expenses.

Private Banking divestments

Q2 2018 included Private Banking's other operating income of EUR 48 million in sale proceeds and provision releases stemming from divestments (the sale of a building in Luxembourg and asset management activities in France).

Provision for SME derivatives-related issues

Q2 2018 included a EUR 37 million addition to the provision for project costs relating to SME derivatives-related issues.

Provision release for discontinued securities financing activities

Q2 2018 included a EUR 64 million provision release relating to the securities financing activities that were discontinued in 2009. The release was recorded as net interest income (accrued statutory interest) at EUR 35 million and as other operating income at EUR 29 million.

Provision for ICS credit cards

Q2 2018 included a EUR 15 million provision addition in net interest income for ICS (in Retail Banking).

Second quarter 2019 results

Net interest income increased by EUR 25 million from Q2 2018, arriving at EUR 1,681 million in Q2 2019. Both quarters benefited from positive incidentals. Q2 2019 included favourable incidentals of EUR 45 million, largely relating to DSB, while Q2 2018 included EUR 20 million in favourable incidentals. Excluding the impact of the incidentals, net interest income remained almost stable. Underlying, net interest income included lower liquidity management costs at Group Functions as a result of a change in the liquidity management approach. This partially offset the negative impact of low rates on deposit margins. On the asset side, interest income on residential mortgages declined as a result of lower average volumes. Our market share in new production in Q2 2019 was 17% (Q2 2018: 18%) and is increasing again after Q1 (14%). Interest income on corporate loans was higher on the back of corporate loan growth, mainly in Commercial Banking. On the liability side, average savings volumes remained flat while margins decreased from the prolonged low interest rate environment. Interest rates continued to come down, impacting deposit margins. As client rates are close to zero, it will be increasingly difficult to offset the decline, and over time margin pressure will increase.

Compared with Q1 2019, net interest income increased by EUR 108 million due to a EUR 59 million decrease in liquidity management costs.

The net interest margin (NIM) increased by 6bps to 170bps in Q2 2019 due to higher net interest income on lower average assets. The net interest margin excluding one-offs (EUR 45 million) was 165bps.

Net fee and commission income came down by EUR 13 million to EUR 413 million in Q2 2019. The decrease in net fee income was partly due to the divestment of Stater (EUR 7 million). Stater contributed for only two months in Q2 2019. Asset management fees in Private Banking were lower due to a growing number of clients that opted for execution-only instead of managed portfolios. Net fee and commission income in Corporate & Institutional Banking was lower due to lower client activity in Q2 2019. Clearing fee income remained stable. Compared with Q1 2019, net fee and commission income remained broadly stable. Lower fees due to the divestment of Stater were offset by higher fees at Retail Banking.

Other operating income amounted to EUR 228 million in Q2 2019. Q2 2019 included the EUR 130 million book gain of the sale of Stater, while Q2 2018 included EUR 48 million for divestments in Private Banking and a EUR 29 million provision release for discontinued securities financing activities. For the volatile items, Q2 2019 included lower equity participation results (EUR 15 million, versus EUR 29 million in Q2 2018), lower CVA/DVA/FVA¹ results (EUR 2 million negative, versus EUR 3 million positive in Q2 2018) and lower hedge accounting-related results (EUR 6 million, versus EUR 16 million in Q2 2018). Excluding the impact of incidentals and the volatile items in both quarters, other operating income remained almost stable.

Personnel expenses declined by EUR 26 million, totalling EUR 555 million in Q2 2019. Personnel expenses showed a further decrease on the back of declining FTE levels following the execution of cost-saving programmes and the sale of Stater, partly offset by wage inflation.

Employee FTEs came down by 1,263 to 17,952 in Q2 2019. The decrease was mainly due to the Stater divestment (934 FTE) and further reductions following the execution of cost-saving programmes. There were several internal transfers from commercial segments to Group Functions to further optimise and centralise support functions. Compared with Q1 2019, FTEs decreased by 1,010 primarily as a result of the Stater divestment.

Other expenses increased by EUR 75 million to EUR 755 million in Q2 2019. Q2 2019 included a EUR 114 million provision for the CDD remediation programme in Retail Banking, while Q2 2018 included a EUR 37 million provision for project costs related to SME derivatives-related issues. Adjusted for these incidentals, other expenses remained stable. Regulatory levies came down to EUR 34 million in Q2 2019. The decrease was mainly attributable to a higher contribution to the Single Resolution Fund in Q2 2018. This decline was offset by an increase in IT costs resulting from investments in digitalisation and process optimisation.

Non-employee FTEs (temporary staff and contractors) decreased by 229 to 4,152 in Q2 2019. The decrease in non-employee FTEs was mainly attributable to the Stater divestment (383 non-employee FTEs), which was partly offset by an upscale for regulatory-related projects and enhanced focus on CDD remediation programmes, for which we recorded a provision. Compared with Q1 2019, non-employee FTEs came down by 210, mainly due to the Stater divestment.

Impairment charges decreased to EUR 129 million in Q2 2019, versus EUR 134 million in Q2 2018. The decrease was mainly visible in Commercial Banking where Q2 2018 included files, predominantly in the healthcare sector. This was partly offset by an increase in Retail Banking due to impairment charges in the residential mortgage portfolio resulting from a change in the accounting estimate. For additional information, please refer to the Risk Developments chapter. The cost of risk decreased to 18bps in Q2 2019, well below the through-the-cycle level of 25-30bps.

Client loans decreased to EUR 254.2 billion in Q2 2019, from EUR 255.5 billion in Q1 2019. This decrease was mainly in Corporate and Institutional Banking.

RWA declined to EUR 106.6 billion (31 March 2019: EUR 108.0 billion) reflecting a decrease in operational risk and credit risk, partly offset by an increase in market risk. Operational risk decreased in all business lines due to a model update. The decrease in credit risk was mainly driven by business developments within CIB, mainly at Trade and Commodity Finance and to a lesser extent at Natural Resources, slightly offset by an increase in Retail Banking driven by the sale of the majority stake of Stater of which the remaining part (25%) is being treated as equity investment and to a lesser extent business growth in the mortgage portfolio. Market risk increased primarily driven by changed positions.

¹ Credit Valuation Adjustment/Debit Valuation Adjustment/Funding Valuation Adjustment (CVA/DVA/FVA).

First half year results

ABN AMRO's profit for H1 2019 amounted to EUR 1,172 million. This decrease of EUR 124 million compared with H1 2018 was mainly related to lower incidentals, especially lower results for equity participations.

Return on Equity for H1 2019 was 11.4%, compared with 12.5% in H1 2018. The operating result showed a decrease due to lower net interest income and lower results for equity participations.

Operating income amounted to EUR 4,403 million, a decrease of EUR 214 million compared with H1 2018. Excluding the impact of the incidentals and volatile items in both half years, the decrease in operating income was predominantly the result of lower net interest income.

Net interest income came in at EUR 3,254 million, compared with EUR 3,327 million in H1 2018. Interest income on residential mortgages decreased as average volumes declined. Average savings volumes were almost flat and margins decreased. Interest rates continued to come down in the last quarter, predominantly impacting deposit margins. As client rates are close to zero, it will be increasingly difficult to offset the decline, and over time margin pressure will increase.

Net fee and commission income amounted to EUR 827 million, a decrease of 30 million compared with H1 2018. The decrease occurred within Private Banking due to a growing number of clients that opted for execution-only instead of managed portfolios. At Corporate & Institutional Banking, fee income was lower as client activity declined and market activity in Clearing decreased, especially in the first quarter.

Other operating income decreased to EUR 322 million in H1 2019 (H1 2018: EUR 433 million). The decrease was partly related to lower results for equity participations (EUR 25 million versus EUR 131 million in H1 2018) and for CVA/DVA/FVA (H1 2019: EUR -9 million, H1 2018: EUR nil), and was partly offset by favourable hedge accounting-related income (EUR 53 million versus EUR 40 million in H1 2018). Both half years included incidentals. Incidentals in H1 2019 included the EUR 130 million book gain for the sale of Stater, a provision

for client compensation related to SME derivatives-related issues (EUR 34 million) and a book gain for the sale of the public sector loan portfolio (EUR 16 million). Incidentals in H1 2018 included EUR 48 million at Private Banking, the revaluation of equensWorldline (EUR 46 million) and a provision release relating to securities financing activities discontinued in 2009 (EUR 29 million).

Personnel expenses came down by EUR 88 million, totalling EUR 1,122 million in H1 2019. H1 2018 included a restructuring provision of EUR 33 million for digitalisation and process optimisation, and a one-off CLA payment of EUR 16 million. The remaining decrease was driven by a further decline in FTE levels following from the execution of cost-saving programmes.

Other expenses amounted to EUR 1,515 million in H1 2019, an increase of EUR 115 million compared with H1 2018. Excluding the provision for the CDD remediation programme in Retail Banking (EUR 114 million), other expenses remained almost stable as higher regulatory levies were offset by the execution of cost-saving programmes.

Impairment charges amounted to EUR 231 million in H1 2019, a decrease of EUR 110 million compared with H1 2018. Impairment charges in H1 2018 were higher due to additional charges recorded in specific sectors (natural resources, trade & commodity finance including diamond & jewellery clients, healthcare and global transportation & logistics). The cost of risk amounted to 17bps in H1 2019 (H1 2018: 27bps).

Balance sheet

Condensed consolidated statement of financial position

(in millions)	30 June 2019	31 March 2019	31 December 2018
Cash and balances at central banks ¹	30,281	29,373	35,716
Financial assets held for trading	1,699	1,618	495
Derivatives	6,491	6,786	6,191
Financial investments	44,915	44,319	42,184
Securities financing	21,007	18,588	12,375
Loans and advances banks ¹	6,080	7,031	6,780
Loans and advances customers	275,514	276,742	270,886
Other	10,209	9,771	6,668
Total assets	396,196	394,228	381,295
Financial liabilities held for trading	1,097	1,117	253
Derivatives	7,849	7,779	7,159
Securities financing	12,452	10,757	7,407
Due to banks	16,511	15,960	13,437
Due to customers	242,745	243,507	236,123
Issued debt	74,986	73,902	80,784
Subordinated liabilities	9,958	9,999	9,805
Other	9,284	9,584	4,968
Total liabilities	374,881	372,605	359,935
Equity attributable to the owners of the parent company	21,314	21,620	21,357
Equity attributable to non-controlling interests		2	2
Total equity	21,314	21,623	21,360
Total liabilities and equity	396,196	394,228	381,295
Committed credit facilities	57,625	58,276	61,166
Guarantees and other commitments	15,910	16,421	15,241

¹ ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to note 1 of the Interim Financial Statements.

Main developments in total assets compared with 31 March 2019

Total assets increased by EUR 2.0 billion, totalling EUR 396.2 billion at 30 June 2019. This increase was driven by an increase in securities financing activities.

Securities financing assets increased by EUR 2.4 billion, reflecting seasonal effects.

Loans and advances to customers decreased by EUR 1.2 billion, totalling EUR 275.5 billion. This decrease was mainly attributable to client loans.

Client loans decreased by EUR 1.3 billion to EUR 254.2 billion. Corporate & Institutional Banking (CIB) loans went down by EUR 1.6 billion following the CIB refocus strategy. Residential mortgage loans rose in comparison with Q1 2019, reflecting the Q2 2019 market share recovery.

Loans to professional counterparties and other loans came down slightly, by EUR 0.4 billion, mainly at Clearing and driven by seasonal effects.

Loans and advances customers

(in millions)	30 June 2019	31 March 2019	31 December 2018
Residential mortgages	148,145	147,910	148,791
Consumer loans	12,270	12,367	12,263
Corporate loans to clients ¹	93,755	95,209	91,265
- of which: <i>Commercial Banking</i>	42,998	42,922	41,753
- of which: <i>Corporate & Institutional Banking</i>	43,701	45,333	42,521
Total client loans²	254,170	255,486	252,319
Loans to professional counterparties and other loans ³	19,542	19,939	17,642
Total Loans and advances customers²	273,712	275,425	269,961
Fair value adjustments from hedge accounting	3,970	3,434	3,185
Less: loan impairment allowance	2,168	2,117	2,260
Total Loans and advances customers	275,514	276,742	270,886

¹ Corporate loans excluding loans to professional counterparties.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

³ Loans to professional counterparties and other loans includes loans and advances to government, official institutions and financial markets parties.

Main developments in total liabilities and equity compared with 31 March 2019

Total liabilities increased by EUR 2.3 billion, totalling EUR 374.9 billion at 30 June 2019. This increase related mainly to higher securities financing liabilities.

Securities financing liabilities increased by EUR 1.7 billion to EUR 12.5 billion, driven largely by seasonal effects.

Issued debt securities grew by EUR 1.1 billion to EUR 75.0 billion. Short-term funding declined by EUR 0.7 billion, while long-term funding increased by EUR 1.8 billion.

Due to customers went down by EUR 0.8 billion, totalling EUR 242.8 billion. The increase in deposits at Retail Banking (holiday allowances) was more than offset by a decrease in professional deposits, mainly at Clearing.

Total equity decreased slightly to EUR 21.3 billion, as final dividend payments were offset by the inclusion of Q2 2019 results.

Equity attributable to shareholders amounted to EUR 21,314 million, resulting in a EUR 22.67 book value per share based on 940,000,001 outstanding shares.

Main developments in total assets compared with 31 December 2018

Total assets increased by EUR 14.9 billion, totalling EUR 396.2 billion at 30 June 2019. This increase was mainly attributable to corporate loans and advances to customers, and to securities financing assets.

Cash and balances at central banks came down by EUR 5.4 billion to EUR 30.3 billion.

Securities financing assets increased by EUR 8.6 billion, reflecting seasonal effects.

Loans and advances to customers increased EUR 4.6 billion to EUR 275.5 billion. This increase was attributable to professional loans as well as client loans.

Clients loans rose by EUR 1.9 billion to EUR 254.2 billion. Corporate loans to Commercial Banking clients grew by EUR 1.2 billion, reflecting the strong performance of the Dutch economy. CIB client lending grew EUR 1.2 billion, partly due to FX impact. Residential mortgages decreased by EUR 0.6 billion, reflecting a market share decline in Q1 2019 which started to recover in Q2.

Loans to professional counterparties and other loans increased by EUR 1.9 billion, largely due to seasonal effects in Clearing.

Main developments in total liabilities compared with 31 December 2018

Total liabilities increased by EUR 14.9 billion, totalling EUR 374.9 billion at 30 June 2019. This increase was mainly attributable to higher securities financing liabilities.

Securities financing liabilities increased by EUR 5.0 billion, reflecting seasonal effects.

Due to customers increased EUR 6.6 billion, totalling EUR 242.7 billion. This was largely driven by an increase in client deposits across most commercial segments, in particular at Retail Banking (holiday allowances).

Issued debt securities came down by EUR 5.8 billion to EUR 75.0 billion as the need for wholesale funding declined.

Total equity remained stable at EUR 21.3 billion, as final dividend payments were offset by the inclusion of H1 2019 profit.

Results by segment

Retail Banking

Highlights

- ▶ Net interest income in Q2 2019 was impacted by lower mortgage volumes, deposit margin pressure, allocation effects, partly offset by the ICS provision addition of EUR 15 million in Q2 2018.
- ▶ Lower personnel expenses and FTEs following the continued execution of cost-saving programmes, digitalisation and process optimisation.
- ▶ Q2 2019 included a EUR 114 million provision for the customer due diligence (CDD) remediation programme.
- ▶ Impairments were higher due to a Q2 2018 release of EUR 23 million attributable to several drivers, including indexation of collateral. Q2 2019 included an adjusted accounting estimate for mortgages of EUR 13 million.
- ▶ Market share in new mortgage production was 17% (Q1 2019:14% and Q2 2018: 18%). Our market share recovered while we maintained pricing discipline, benefiting among other things from continuously improved operational effectiveness.
- ▶ Continuous flow of new features in the mobile banking app, enhancing our strong digital position. Around 70% digital channel share and 38% of retail clients onboarded online.

Operating results

(in millions)	Q2 2019	Q2 2018	Change	Q1 2019	Change	First half 2019	First half 2018	Change
Net interest income	746	790	-6%	752	-1%	1,498	1,594	-6%
Net fee and commission income	90	86	5%	85	6%	176	170	3%
Other operating income	13	10	26%	15	-16%	28	15	85%
Operating income	849	887	-4%	852		1,701	1,779	-4%
Personnel expenses	101	111	-9%	101	-1%	202	230	-12%
Other expenses	466	378	23%	396	18%	862	784	10%
Operating expenses	567	489	16%	498	14%	1,064	1,015	5%
Operating result	282	398	-29%	355	-20%	637	765	-17%
Impairment charges on financial instruments	17	-23		2		19	-19	
Operating profit/(loss) before taxation	265	420	-37%	353	-25%	618	783	-21%
Income tax expense	65	103	-37%	90	-27%	155	195	-20%
Profit/(loss) for the period	200	317	-37%	263	-24%	463	589	-21%
Cost/income ratio	66.8%	55.1%		58.4%		62.6%	57.0%	
Cost of risk (in bps) ¹	4	-5				2	-2	
Other indicators								
Loans and advances customers (end of period, in billions)	153.8	156.0		153.7				
- of which Client loans (end of period, in billions) ²	154.1	156.4		154.1				
Due to customers (end of period, in billions)	96.4	95.5		94.1				
Risk-weighted assets (end of period, in billions)	27.9	26.7		27.8				
Employee FTEs (end of period)	4,375	4,779		4,434				
Total Client Assets (end of period, in billions)	107.3	107.3		105.0				
- of which Cash	96.4	95.5		94.1				
- of which Securities	10.9	11.8		10.9				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Allocation effects

The combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income

from Group Functions was approximately EUR 30 million negative in Q2 2019 (and Q1 2019). These changes were implemented in Q3 2018.

Commercial Banking

Highlights

- ▶ Net interest income benefited from continued loan growth, reflecting the strong performance of the Dutch economy, more than offset by allocation effects and declining deposit margins from the prolonged low interest rate environment.
- ▶ Lower personnel expenses due to continued execution of cost-saving programmes and the transfer to Group Functions of 155 FTE to further optimise and centralise support functions.
- ▶ Lower impairments reflect high specific charges in Q2 2018, including files predominantly in the healthcare sector.
- ▶ Increasingly working with partners; we announced a partnership with YES Corporate Finance to broaden our product offering for SME clients.
- ▶ Increasingly interacting with clients through video banking, servicing clients through digital channels.

Operating results

(in millions)	Q2 2019	Q2 2018	Change	Q1 2019	Change	First half 2019	First half 2018	Change
Net interest income	385	416	-7%	389	-1%	775	820	-6%
Net fee and commission income	63	63	1%	63	1%	126	125	1%
Other operating income	6	15	-57%	5	23%	11	24	-52%
Operating income	455	493	-8%	457		912	969	-6%
Personnel expenses	69	75	-8%	70	-1%	140	155	-10%
Other expenses	162	162		177	-8%	339	329	3%
Operating expenses	231	238	-3%	247	-6%	479	485	-1%
Operating result	224	255	-12%	210	7%	434	485	-10%
Impairment charges on financial instruments	12	69	-82%	61	-80%	74	114	-35%
Operating profit/(loss) before taxation	211	186	14%	149	42%	360	371	-3%
Income tax expense	53	46	14%	38	37%	91	91	
Reported profit/(loss) for the period	159	140	14%	110	44%	269	280	-4%
Cost/income ratio	50.8%	48.2%		54.1%		52.5%	50.0%	
Cost of risk (in bps) ¹	10	79		55		32	64	
Other indicators								
Loans and advances customers (end of period, in billions)	42.9	41.5		42.9				
-of which Client loans (end of period, in billions) ²	43.6	42.1		43.5				
Due to customers (end of period, in billions)	45.3	45.1		45.4				
Risk-weighted assets (end of period, in billions)	27.7	25.0		28.0				
Employee FTEs (end of period)	2,404	2,694		2,528				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions

was approximately EUR 20 million negative in Q2 2019 (and Q1 2019). These changes were implemented in Q3 2018.

Private Banking

Highlights

- ▶ Net interest income was impacted by allocation effects and margin pressure on deposits due to the low interest rate environment.
- ▶ Net fee and commission income was impacted by lower fees as more clients opted for execution-only.
- ▶ Underlying development shows lower personnel expenses following substantial FTE reductions, reflecting progress in the refocus of Private Banking.
- ▶ Client assets increased by EUR 4.6 billion, mainly due to positive market performance. Net new assets amounted to EUR 1.4 billion.
- ▶ Finalised the disposal of our private banking activities in the Channel Islands, concluding our divestments in Private Banking. Remain open to bolt-on acquisitions within our geographical footprint.

Operating results

(in millions)	Q2 2019	Q2 2018	Change	Q1 2019	Change	First half 2019	First half 2018	Change
Net interest income	173	180	-3%	174	-1%	347	364	-5%
Net fee and commission income	126	132	-5%	125	1%	251	269	-7%
Other operating income	24	64	-63%	7		31	76	-59%
Operating income	323	376	-14%	307	5%	629	709	-11%
Personnel expenses	94	100	-6%	97	-3%	191	202	-5%
Other expenses	134	129	3%	147	-9%	280	267	5%
Operating expenses	228	230	-1%	244	-7%	472	470	0%
Operating result	95	146	-35%	63	52%	158	240	-34%
Impairment charges on financial instruments	10	7	29%	2		12	12	-7%
Operating profit/(loss) before taxation	85	139	-39%	61	41%	146	228	-36%
Income tax expense	19	35	-46%	20	-5%	40	58	-32%
Profit/(loss) for the period	66	104	-36%	40	65%	106	169	-37%
Cost/income ratio	70.6%	61.1%		79.6%		75.0%	66.2%	
Cost of risk (in bps) ¹	30	21		7		18	21	
Other indicators								
Loans and advances customers (end of period, in billions)	12.5	12.1		12.4				
- of which Client loans (end of period, in billions) ²	12.7	12.3		12.5				
Due to customers (end of period, in billions)	67.7	65.0		66.3				
Risk-weighted assets (end of period, in billions)	10.0	9.3		10.1				
Employee FTEs (end of period)	2,923	2,996		2,983				
Total Client Assets (end of period, in billions)	201.9	200.9		197.3				
- of which Cash	71.1	67.2		69.9				
- of which Securities	130.8	133.7		127.4				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions

was approximately EUR 10 million negative in Q2 2019 (and Q1 2019). These changes were implemented in Q3 2018.

Corporate & Institutional Banking

Highlights

- ▶ Net interest income up by 9%, mainly due to favourable allocation effects.
- ▶ Cost/income ratio improved to 51.2%, as Q2 2018 included a provision for project costs relating to SME derivatives-related issues (EUR 37 million). Q2 2019 also reflected a strong decrease of personnel and other expenses due to continued execution of cost-saving programmes.
- ▶ Impairment charges increased by 8% across several sectors. Impairments in energy offshore and diamonds were relatively low reflecting de-risking.
- ▶ Targeted EUR 5 billion reduction of risk-weighted assets, excluding TRIM and model reviews, was delivered. Further reduction of RWA in volatile sectors such as commodities, diamonds and shipping.
- ▶ Award for The Netherlands' Best Investment Bank for local leadership, emphasising our strong local market position and focus on sustainability in terms of profitability as well as impact on the environment.

Operating results

(in millions)	Q2 2019	Q2 2018	Change	Q1 2019	Change	First half 2019	First half 2018	Change
Net interest income	313	286	9%	304	3%	617	551	12%
Net fee and commission income	130	140	-7%	129	1%	259	277	-6%
Other operating income	45	67	-33%	-3		42	193	-78%
Operating income	488	493	-1%	430	14%	918	1,021	-10%
Personnel expenses	107	117	-9%	108	-1%	215	235	-9%
Other expenses	143	193	-26%	181	-21%	324	374	-13%
Operating expenses	250	310	-19%	289	-14%	539	609	-11%
Operating result	239	183	30%	141	69%	379	412	-8%
Impairment charges on financial instruments	90	84	8%	38	135%	129	236	-45%
Operating profit/(loss) before taxation	148	100	49%	102	45%	251	177	42%
Income tax expense	39	22	73%	27	45%	65	26	
Profit/(loss) for the period	110	77	42%	76	45%	185	151	23%
Cost/income ratio	51.2%	62.9%		67.3%		58.7%	59.6%	
Cost of risk (in bps) ¹	57	55		27		42	79	
Other indicators								
Loans and advances customers (end of period, in billions)	60.5	61.9		62.6				
- of which Client loans (end of period, in billions) ²	43.7	43.4		45.4				
Due to customers (end of period, in billions)	27.7	28.3		31.4				
Risk-weighted assets (end of period, in billions)	36.1	37.2		36.9				
Employee FTEs (end of period)	2,522	2,571		2,504				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions

was approximately EUR 20 million positive in Q2 2019 (and Q1 2019). These changes were implemented in Q3 2018.

Group Functions

Highlights

- ▶ Net interest income in Q2 2019 included lower liquidity management costs, favourable allocation effects and incidentals, largely DSB.
- ▶ Other operating income included a EUR 130 million book gain for the sale of Stater.
- ▶ Personnel expenses increased primarily as a result of transfers from commercial segments (mainly Commercial Banking) to Group Functions 229 FTE

throughout 2019, to further optimise and centralise support functions and to continue upscaling for regulatory-related projects. The remaining increase was mainly attributable to wage drift and partly offset by lower personnel costs from the sale of Stater.

- ▶ Implementation of DevOps started, creating small teams combining operations and development. Together with further automation, this will enable faster delivery time to market and improved efficiency.

Operating results

(in millions)	Q2 2019	Q2 2018	Change	Q1 2019	Change	First half 2019	First half 2018	Change
Net interest income	64	-15		-46		18	-2	
Net fee and commission income	3	4	-36%	12	-76%	15	15	-1%
Other operating income	140	50		69	101%	209	125	68%
Operating income	207	39		35		242	138	76%
Personnel expenses	183	177	3%	190	-3%	373	387	-4%
Other expenses	-149	-182	18%	-141	-6%	-290	-355	18%
Operating expenses	34	-5		49	-30%	83	32	
Operating result	172	44		-14		159	106	50%
Impairment charges on financial instruments		-3		-1		-1	-2	37%
Operating profit/(loss) before taxation	172	48		-13		160	107	49%
Income tax expense	14	-3		-1		12		
Profit/(loss) for the period	159	51		-11		147	107	37%
Other indicators								
Securities financing - assets (end of period, in billions)	15.7	13.5		12.4				
Loans and advances customers (end of period, in billions)	5.7	6.3		5.2				
Securities financing - liabilities (end of period, in billions)	11.8	11.9		10.0				
Due to customers (end of period, in billions)	5.6	4.1		6.3				
Risk-weighted assets (end of period, in billions)	4.9	6.3		5.2				
Employee FTEs	5,728	6,175		6,513				

Allocation effects

The combined result of the NMD model update and the reallocation of net interest income from Group Functions

was approximately EUR 40 million positive in Q2 2019 (and Q1 2019). These changes were implemented in Q3 2018.

Risk, funding & capital information

Risk developments

(in millions)	30 June 2019	31 March 2019	31 December 2018
Total loans and advances, gross excluding fair value adjustments^{1,2}	278,985	281,355	275,962
- of which Banks ²	6,083	7,035	6,789
- of which Residential mortgages	148,145	147,910	148,791
- of which Consumer loans	12,270	12,367	12,263
- of which Corporate loans ^{1,2}	105,988	107,639	101,163
- of which Other loans and advances - customers ^{1,2}	6,499	6,404	6,957
Total Exposure at Default (EAD)	401,488	403,269	403,565
Credit quality indicators³			
Past due ratio	1.1%	1.4%	1.3%
- of which Residential mortgages	1.1%	1.2%	1.3%
- of which Consumer loans	2.9%	4.0%	3.2%
- of which Corporate loans	1.0%	1.5%	1.2%
Stage 3 Impaired ratio	2.3%	2.2%	2.2%
Stage 3 Coverage ratio	28.4%	28.7%	31.6%
Regulatory capital			
Total RWA	106,593	108,025	105,391
- of which Credit risk ⁴	86,433	87,077	84,701
- of which Operational risk	18,831	19,823	19,077
- of which Market risk	1,330	1,126	1,612
Total RWA/total EAD	26.5%	26.8%	26.1%
Mortgage indicators			
Exposure at Default	163,028	162,157	162,787
- of which mortgages with Nationale Hypotheek Garantie (NHG)	35,625	35,769	36,257
Risk-weighted assets	16,924	16,773	16,853
RWA/EAD	10.4%	10.3%	10.4%
Average Loan-to-Market-Value	63%	64%	64%
Average Loan-to-Market-Value - excluding NHG loans	61%	61%	62%

¹ Excluding loans and advances measured at fair value through P&L.

² The comparative figures of 2018 with regard to Loans and advances Banks, Corporate loans and Other loans and advances have been restated. For additional information, please refer to note 1 of the Interim Financial Statements.

³ Loans and advances customers measured at amortised cost only.

⁴ RWA for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2019 is EUR 0.5 billion (31 March 2019: EUR 0.5 billion; 31 December 2018: EUR 0.5 billion).

Impairment charges & cost of risk

	Q2 2019	Q2 2018	Q1 2019	First half 2019	First half 2018
Impairment charges on loans and other advances (in EUR million) ¹	129	134	102	231	341
- of which Residential mortgages	15	-8	1	16	-2
- of which Consumer loans	7	-38	3	10	-22
- of which Corporate loans	102	172	100	202	385
Cost of risk (in bps) ²	18	22	15	17	27
- of which Residential mortgages	4	-2		2	
- of which Consumer loans	22	-122	10	16	-36
- of which Corporate loans	38	65	38	38	74

¹ Including off-balance sheet exposures.

² Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Highlights

Second-quarter developments

Portfolio review

Total loans and advances decreased to EUR 279.0 billion (31 March 2019: EUR 281.4 billion), mainly as result of a EUR 1.7 billion decline in corporate loans, including a EUR 0.4 billion negative impact from USD appreciation. The decrease was mainly within Corporate & Institutional Banking (CIB) and mainly related to client lending in Trade and Commodity Finance (TCF) and to a lesser extent Global Transportation & Logistics. Loans and advances for residential mortgages rose in a competitive market. New mortgage production increased to EUR 3.7 billion (31 March 2019: EUR 2.7 billion), while redemptions (as well as contractual repayments) remained relatively stable at EUR 3.6 billion (31 March 2019: EUR 3.5 billion).

Exposure at Default

EAD decreased to EUR 401.5 billion (31 March 2019: EUR 403.3 billion). Exposures in CIB decreased primarily for TCF. In addition, EAD in Commercial Banking (CB) decreased due to business movements. The decrease of EAD was partly offset by business growth in the mortgage portfolio of Retail Banking.

Credit quality indicators

The credit quality indicators performed well in Q2 2019. The past due ratio for loans and advances to customers improved significantly to 1.1% (Q1 2019: 1.4%) due to a decline to EUR 3.0 billion (Q1 2019: 3.9 billion) in past due exposure. This improvement was mainly driven by a decrease in the short term arrears (<30 days). Corporate loans contributed most to this improvement, as relatively

large clients across various industry segments within CIB and CB were no longer past due in this period. In addition, consumer loans and residential mortgages past due exposure declined partly due to the seasonal effect of clients receiving holiday allowances.

The stage 3 impaired ratio for loans and advances to customers increased modestly to 2.3%. The stage 3 coverage ratio decreased marginally to 28.4% (Q1 2019: 28.7%). The decrease in coverage ratio was driven by the increase of the stage 3 impaired exposure for residential mortgages with a relatively low coverage ratio as a result of the application of recalibrated unlikely to pay (UTP) triggers.

Corporate stage 3 loans and allowances for credit losses benefited from a combination of write-offs, secondary market sales and clients transferring to stage 2, outweighing additional provisions on existing impaired files.

The decline in consumer stage 3 loans related mainly to improved credit quality, resulting in these loans being transferred to stage 2.

Application of UTP triggers

UTP is one of the two types of default triggers, next to the mandatory 90 days past due trigger. The identification method for credit impaired loans under IFRS and for regulatory reporting purposes have been aligned. As of 30 June 2019, the default definition for regulatory purposes relating to UTP triggers for the residential mortgage portfolio has been refined. As a result of this change in accounting estimate, ABN AMRO also updated

the IFRS 9 stage 3 credit impaired status for the residential mortgage portfolio. The change in accounting estimate is prospectively recognised from 30 June 2019 onwards.

As a result of the refinement of the UTP triggers for the residential mortgage portfolio, a gross carrying amount of around EUR 124 million and an allowance for credit losses of around EUR 6 million transferred from stage 1 to stage 3. The transfer from stage 2 to stage 3 concerned a gross carrying amount of around EUR 248 million and an allowance for credit losses of EUR 8 million. These transfers resulted in a stage 3 coverage ratio of 7.4% (31 March 2019: 9.3%) and a stage 3 ratio of 0.8% (31 March 2019: 0.5%). Excluding this impact, the ratios would have been stable at 9.3% and 0.5% compared with 31 March 2019.

Regulatory capital

Total RWA declined to EUR 106.6 billion (31 March 2019: EUR 108.0 billion) reflecting a decrease in operational risk and credit risk, partly offset by an increase in market risk. Operational risk decreased in all business lines due to a model update. The decrease in credit risk was mainly driven by business developments within CIB, mainly at TCF and to a lesser extent at Natural Resources, slightly offset by an increase in Retail Banking driven by the sale of the majority stake of Stater of which the remaining part (25%) is being treated as equity investment and to a lesser extent business growth in the mortgage portfolio. Market risk increased primarily driven by changed positions.

Cost of risk

In Q2 2019 the impairment charges amounted EUR 129 million, resulting in a cost of risk of 18bps (Q2 2018: EUR 134 million, Q1 2019: 102 million). These charges were largely recorded for individual files in stage 3, mainly relating to CIB. Retail Banking's contribution was smaller and mainly driven by the application of recalibrated UTP triggers.

Compared with Q2 2018, impairment charges did not materially change. However, the CB portfolio recorded lower impairment charges, amounting to EUR 12 million in Q2 2019 (Q2 2018: EUR 69 million). Impairment charges for CB in Q2 2018 were mainly impacted by the health care and industrial goods & services industries.

CIB recorded limited higher impairment charges in Q2 2019, at EUR 90 million compared with EUR 84 million in Q2 2018. The impairment charges were spread across several industry sectors, including some further additions for existing offshore support vessels clients. In Q2 2019 there were no material impairment charges for the offshore energy and diamonds industry.

Impairment charges for Retail Banking increased to EUR 17 million, compared with a release of EUR 23 million in Q2 2018. Q2 2019 was impacted by an increase of approximately EUR 13 million for residential mortgages as a result of the application of the refined UTP triggers, while Q2 2018 benefited from a decrease of the stage 3 portfolio.

Residential Mortgages

Housing market developments

The housing market remains tight. However, after a period of decline, the number of properties for sale has stabilised since the start of this year and properties take a little longer to sell. The number of transactions trended downwards as elevated price levels impacted the affordability of homes. Despite declining optimism, residential property prices are still climbing, albeit at a slower pace. The housing price index published by Statistics Netherlands (CBS) for Q2 2019 was 1.2% higher than in Q1 2019, and 7.2% higher than in Q2 2018.

Residential mortgage insights

New mortgage production amounted to EUR 3.7 billion, an increase of 37.9% compared to Q1 2019. ABN AMRO's market share in new mortgage production increased to 17% in Q2 2019 (Q1 2019: 14.0%), despite a competitive market. The proportion of amortising mortgages continued to increase, reaching 31% by the end of Q2 2019 (Q1 2019: 30%, Q2 2018: 26%). Rising housing prices and restrictions set for the maximum Loan to Market Value (LtMV) of new mortgages have led to continued improvement of the average indexed LtMV to 63% and 61% (excluding NHG). The LtMV of the bank's portfolio is expected to gradually decline further over the next few years as a result of rising housing prices, contractual and extra redemptions, and current tax regulations.

The gross carrying amount of mortgages with a LtMV in excess of 100% also continued to decline to EUR 2.3 billion (31 March 2019: EUR 2.8 billion), accounting for 1.6% of total mortgages (Q1 2019: 1.9%, Q2 2018: 4.3%). Approximately 3% of the extra repayments related to this category (Q1 2019: 2%, Q2 2018: 6%).

CDD

DNB has determined that we are to review all our retail clients in the Netherlands. Consequently, we will undertake further measures and extend our CDD remediation programme. This will ensure all our retail clients in the Netherlands have an appropriate risk and transaction profile, which will enhance transaction monitoring and filing of unusual transaction reports. The new client take-on process will be included in the programme. We have made an additional EUR 114 million provision for this CDD remediation programme. Sanctions, such as an instruction, fines, may be imposed by the authorities.

We have further increased our focus on detecting financial crime by centralising and bolstering these activities, as strict compliance is our licence to operate. More than 1,000 people are currently fully committed to detecting financial crime. This number will increase substantially in the next few years. In general, across the bank we will take all remedial actions necessary to ensure full compliance with legislation. We will remain fully committed to complying with all current and future anti-money laundering and terrorist financing legislation, and will continue to make the necessary investments.

Developments over the first six months

Portfolio review

Total loans and advances increased to EUR 279.0 billion (31 December 2018: EUR 276.0 billion). This was attributable to a EUR 4.8 billion rise in corporate loans. The increase resulted mostly from movements within CIB, driven by larger seasonal volumes of professional lending to Clearing clients and growth of client lending in Financial institutions and Telecom, Industrials & Real Estate. Furthermore, corporate client lending in CB increased due to economic growth in the Netherlands. The increase was partly offset by declines for residential mortgages, banks and other loans and advances.

Exposure at Default

EAD decreased to EUR 401.5 billion (31 December 2018: EUR 403.6 billion). The decrease in EAD is primarily explained by movements in exposures to central banks in Group Functions and CIB. In addition, CB's EAD declined marginally due to business movements. The decrease in EAD was offset by business growth in the mortgage portfolio of Retail Banking.

Credit quality indicators

The credit quality indicators overall improved in H1 2019. In the first six months, the past due ratio improved to 1.1% (Q4 2018: 1.3%) as a result of a decrease of loans and advances to customers that are past due but not stage 3 to EUR 3.0 billion (Q4 2018: EUR 3.6 billion). The decrease was driven by declines in residential mortgages and in corporate loans – due to CB clients which were no longer past due – and were related mainly to short-term arrears.

The stage 3 ratio for loans and advances to customers increased marginally. The stage 3 coverage ratio decreased to 28.4% (Q4 2018: 31.6%), driven by residential mortgages and corporate loans.

The rise in stage 3 corporate loans exposure was attributable to industrial goods & services and the food & beverage sector for both CIB and CB and in addition, construction and materials for CB. The rise in stage 3 exposure was partly offset by write-offs for CIB and CB, clients transferring to stage 2 and partial repayments. The coverage ratio decreased due to the outflow of files with a relatively high coverage ratio, while the new inflow related to files with a lower coverage ratio. The stage 3 ratio for corporate loans remained stable in H1 2019.

The residential mortgage portfolio was impacted by the application of the refined UTP triggers as mentioned in the second-quarter developments. Stage 3 consumer loans and allowances for credit losses continued the downward trend.

Regulatory capital

Total RWA increased to EUR 106.6 billion (31 December 2018: EUR 105.4 billion) due to an increase in credit risk, partly offset by declines in operational risk and market risk. The increase in credit risk mainly related to developments within CIB due to TRIM and model reviews. In addition, Private Banking increased due to the acquisition in Belgium. Market risk RWA declined due to reduced positions. Operational risk decreased marginally in all business lines due to a model update.

Cost of risk

Impairment charges were considerably lower in H1 2019 and amounted to EUR 231 million (cost of risk 17bps) compared to EUR 341 million in H1 2018. In both periods, the amounts were largely recorded for individual files in stage 3.

The drop was largely driven by corporate loans within CIB, supported by the de-risking of selective parts of the CIB portfolio and to a lesser extent by lower impairment charges at CB. The decline was partly offset by a rise in impairment charges in Retail Banking's residential mortgages portfolio as a result of the application of recalibrated UTP triggers and the consumer loans portfolio.

Impairment charges for CIB dropped sharply and amounted to EUR 129 million (H1 2018: 236 million). The impairment charges were mainly attributable to additional impairments in the energy and shipping sectors and several new impaired files in the food & beverage sector. In addition, a few smaller impairment charges were recorded across various industry sectors. The drop compared to H1 2018 related to lower net additions in Natural Resources (primarily offshore services), Diamonds and Global Transportation & Logistics (shipping).

Commercial Banking impairments decreased to EUR 74 million (H1 2018: EUR 113 million addition). A substantial part of the charges in H1 2019 related to the short sea shipping and food & beverage sectors. The remainder concerned various smaller impairments across multiple industry sectors.

Retail Banking impairment charges increased to EUR 19 million compared with H1 2018 (EUR 18 million release). H1 2019 was impacted by an amount of approximately EUR 13 million for residential mortgages as a result of the refined UTP triggers.

Past due (but not impaired) loans Reviewed

(in millions)	Gross carrying amount	Days past due			30 June 2019	31 March 2019 ⁴	31 December 2018
		≤ 30 days	> 30 days & ≤ 90 days	> 90 days ³	Total past due but not stage 3	Past due ratio	Past due ratio
Loans and advances banks¹	6,083						
Loans and advances customers							
Residential mortgages ¹	148,145	1,533	58	15	1,605	1.1%	1.2%
Consumer loans	12,270	164	91	104	360	2.9%	4.0%
Corporate loans ^{1,2}	105,988	693	272	64	1,029	1.0%	1.5%
Other loans and advances customers ^{1,2}	6,499						
Total Loans and advances customers²	272,902	2,390	421	183	2,995	1.1%	1.4%
Loans at fair value through P&L	810						
Total Loans and advances	279,795	2,391	421	183	2,995	1.1%	1.4%

¹ The comparative figures of 2018 with regard to Loans and advances Banks, Corporate loans and Other loans and advances have been restated. For additional information, please refer to note 1 of the Interim Financial Statements.

² Excluding loans at fair value through P&L.

³ Materiality thresholds are applied for counterparties transferring to stage 3. Below these thresholds, amounts are reported on > 90 days past due.

⁴ The figures in column 31 March 2019 are not reviewed. This column is for comparison purposes only.

Coverage and impaired ratio by stage Reviewed

(in millions)	30 June 2019				31 March 2019 ⁵		31 December 2018	
	Gross carrying amount ⁴	Allowances for credit losses	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks¹	6,080	3	0.1%	99.9%	0.1%	99.4%	0.1%	99.1%
Residential mortgages	144,348	17	0.0%	97.4%	0.0%	97.8%	0.0%	97.7%
Consumer loans	11,067	33	0.3%	90.2%	0.3%	89.6%	0.3%	87.8%
Corporate loans ¹	92,120	125	0.1%	86.9%	0.1%	87.2%	0.2%	86.3%
Other loans and advances customers ¹	6,413	1	0.0%	98.7%	0.0%	98.5%	0.0%	98.4%
Total Loans and advances customers	253,947	175	0.1%	93.1%	0.1%	93.3%	0.1%	93.0%
Stage 2								
Loans and advances banks¹	3		1.0%	0.1%	0.7%	0.6%	1.8%	0.9%
Residential mortgages	2,658	10	0.4%	1.8%	0.6%	1.7%	0.5%	1.8%
Consumer loans	817	45	5.5%	6.7%	5.7%	7.1%	5.4%	8.3%
Corporate loans ¹	9,011	123	1.4%	8.5%	1.5%	8.2%	1.3%	9.2%
Other loans and advances customers ¹	81	2	2.9%	1.2%	3.7%	1.4%	3.5%	1.5%
Total Loans and advances customers	12,566	179	1.4%	4.6%	1.6%	4.5%	1.5%	4.9%
Stage 3								
Loans and advances banks¹								
Residential mortgages	1,140	85	7.4%	0.8%	9.3%	0.5%	10.0%	0.5%
Consumer loans	386	207	53.6%	3.1%	49.8%	3.3%	47.7%	3.9%
Corporate loans ¹	4,858	1,517	31.2%	4.6%	29.8%	4.6%	33.5%	4.6%
Other loans and advances customers ¹	5	4	87.7%	0.1%	68.9%	0.1%	68.9%	0.1%
Total Loans and advances customers²	6,388	1,814	28.4%	2.3%	28.7%	2.2%	31.6%	2.2%
Loans at fair value through P&L	810							
Fair value adjustments from hedge accounting	3,970							
Total Loans and advances banks ¹	6,083	3	0.1%		0.1%		0.1%	
Total Loans and advances customers	277,682	2,168	0.8%		0.8%		0.8%	
Other balance sheet items ³	114,607	5	0.0%		0.0%		0.0%	
Total on-balance sheet	398,371	2,176	0.5%		0.5%		0.6%	
Irrevocable loan commitments and financial guarantee contracts	67,578	19	0.0%		0.0%		0.0%	
Other off-balance sheet items	5,976							
Total on- and off-balance sheet	471,925	2,194	0.5%		0.5%		0.5%	

¹ The comparative figures of 2018 with regard to Loans and advances Banks, Corporate loans and Other loans and advances have been restated. For additional information, please refer to note 1 of the Interim Financial Statements.

² Excluding fair value adjustments from hedge accounting on Loans and advances customers and Loans at fair value through P&L.

³ The allowances for credit losses excludes allowances for financial investments held at FVOCI (30 June 2019: EUR 1.1 million; 31 March 2019: EUR 1.3 million; 31 December 2018: EUR 1.6 million).

⁴ Gross carrying amount excludes fair value adjustments from hedge accounting.

⁵ The figures in column 31 March 2019 are not reviewed. This column is for comparison purposes only.

Application of the refined UTP triggers for residential mortgages

In the table below, the amounts and ratios are presented as if the refined UTP triggers were applied retrospectively. For additional information, please refer to the credit quality section.

(in millions)	31 March 2019				31 December 2018			
	Gross carrying amount	Allowances for credit losses	Coverage ratio	Stage ratio	Gross carrying amount	Allowances for credit losses	Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks¹	6,989	4	0.1%	99.4%	6,729	8	0.1%	99.1%
Residential mortgages	144,625	17	0.0%	97.8%	145,245	18	0.0%	97.6%
Consumer loans	11,083	33	0.3%	89.6%	10,768	34	0.3%	87.8%
Corporate loans	93,910	133	0.1%	87.2%	87,255	154	0.2%	86.3%
Other loans and advances customers	6,311	1	0.0%	98.5%	6,848	1	0.0%	98.4%
Total Loans and advances customers	255,929	183	0.1%	93.3%	250,116	206	0.1%	92.9%
Stage 2								
Loans and advances banks	45		0.7%	0.6%	59	1	1.8%	0.9%
Residential mortgages	2,174	13	0.6%	1.5%	2,379	11	0.5%	1.6%
Consumer loans	873	50	5.7%	7.1%	1,014	55	5.4%	8.3%
Corporate loans	8,822	129	1.5%	8.2%	9,270	119	1.3%	9.2%
Other loans and advances customers	87	3	3.7%	1.4%	103	4	3.5%	1.5%
Total Loans and advances customers	11,956	195	1.6%	4.4%	12,766	189	1.5%	4.7%
Stage 3								
Loans and advances banks								
Residential mortgages	1,111	83	7.5%	0.8%	1,166	94	8.1%	0.8%
Consumer loans	411	204	49.7%	3.3%	481	229	47.7%	3.9%
Corporate loans	4,907	1,461	29.8%	4.6%	4,637	1,553	33.5%	4.6%
Other loans and advances customers	6	4	68.9%	0.1%	6	4	68.9%	0.1%
Total Loans and advances customers	6,435	1,753	27.2%	2.3%	6,291	1,881	29.9%	2.3%
Loans at fair value through P&L	1,105				787			
Fair value adjustments from hedge accounting	3,434				3,185			
Total Loans and advances banks	7,035	4	0.1%		6,789	9	0.1%	
Total Loans and advances customers	278,859	2,131	0.8%		273,146	2,276	0.8%	
Other balance sheet items	110,474	5	0.0%		103,635	6	0.0%	
Total on-balance sheet	396,368	2,140	0.5%		383,569	2,275	0.6%	
Irrevocable loan commitments and financial guarantee contracts	68,941	18	0.0%		70,474	12	0.0%	
Other off-balance sheet items	5,773				5,946			
Total on- and off-balance sheet	471,082	2,158	0.5%		459,989	2,287	0.5%	

Loans impairment charges and allowances in the first six months Reviewed

(in millions)	First half 2019						Off-balance
	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total Loans and advances	
Balance at 1 January 2019	9	108	318	1,825	9	2,269	12
Transfer to stage 1		-3	-9	-19		-31	
Transfer to stage 2		-1	5	17		21	1
Transfer to stage 3		19	21	96		136	
Remeasurements ¹	-2	15	13	130	-1	155	5
Originated or purchased	2	2	5	16		26	5
Matured or sold loans	-4	-7	-2	-27		-42	-4
Impairment charges (releases) on loans and advances	-5	25	33	214	-1	265	6
Write-offs		-7	-71	-292		-370	
Unwind discount / unearned interest accrued		-12	1	13		3	
Foreign exchange and other movements	-1	-2	3	5		4	1
Balance at 30 June 2019	3	111	284	1,765	7	2,171	19
Impairment charges (releases) on loans and advances	-5	25	33	214	-1	265	6
Recoveries and other charges (releases)		-9	-23	-12		-44	5
Total impairment charges for the period²	-5	16	10	202	-1	221	11

¹ Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes, such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

² The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI (30 June 2019: EUR 0 million).

(in millions)	First half 2018					
	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total Loans and advances
Balance at 1 January 2018	9	182	362	2,055	2	2,610
Change in existing allowances	-2	8		403	5	414
Originated or purchased	1		2	21		24
Matured or sold loans	-3		-3	-29		-35
Write-offs		-19	-50	-189		-258
Unwind discount / unearned interest accrued		-14	1	8		-5
Foreign exchange and other movements		-2	19	7	-2	22
Balance at 30 June 2018	5	155	330	2,276	6	2,771

(in millions)	First half 2019			
	Stage 1	Stage 2	Stage 3	Total
Impairment allowances on loans and advances				
Balance at 1 January	214	192	1,862	2,269
Transfer to stage 1	30	-53	-9	-31
Transfer to stage 2	-20	68	-27	21
Transfer to stage 3	-2	-16	155	136
Remeasurements ¹	-52	-1	208	155
Originated or purchased	25			26
Matured or sold	-15	-9	-17	-41
Impairment charges (releases) on loans and advances	-33	-11	309	265
Write-offs			-370	-370
Unwind discount / unearned interest accrued			3	3
Foreign exchange and other movements	-3	-2	9	4
Balance at 30 June	178	179	1,814	2,171
First half 2019				
Impairment charges (releases) on loans and advances	-33	-11	309	265
Recoveries and other charges (releases)			-44	-44
Total impairment charges for the period²	-33	-11	265	221

¹ Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes, such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

² The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI (30 June 2019: EUR 0 million).

(in millions)	First half 2018			
	Stage 1	Stage 2	Stage 3	Total
Impairment allowances on loans and advances				
Balance at 1 January	214	213	2,184	2,610
Change in existing allowances	19	-12	407	414
Originated or purchased	21	3		24
Matured or sold	-25	-10		-35
Write-offs			-258	-258
Unwind discount / unearned interest accrued			-5	-5
Foreign exchange and other movements	-9	-1	32	22
Balance at 30 June	220	192	2,359	2,771

¹ The impairment charges for the period excludes charges (releases) for financial investments held at FVOCI (30 June 2018: EUR 1 million).

Market risk

Market risk in banking book

Market risk in the banking book is the risk that the bank's value or income declines because of unfavourable market movements. The market risk in the banking book consists predominantly of interest rate risk. Interest rate risk arises from holding loans with interest rate maturities that are different from the interest rate maturities of the deposits. The assets have a longer average maturity than the liabilities. This applies to contractual as well as behavioural maturities.

ABN AMRO uses a combination of portfolio (macro) hedges and specific asset or liability (micro) hedges to swap fixed interest rates for floating interest rate positions. The resulting interest rate position, after application of interest rate hedges, is in line with the bank's strategy and risk appetite.

Interest rate risk metrics

	30 June 2019	31 December 2018
NII-at-risk (in %)	-3.5	-1.3
Duration of equity (in years)	1.3	1.4

Duration of equity reflects changes of the economic value of equity due to small parallel shifts of the yield curve. Duration of equity remained stable at 1.3 years, close to year-end 2018. ABN AMRO actively manages the duration of equity measure to keep it within the risk appetite.

NII-at-Risk is the difference in net interest income (NII) between a base scenario and four alternative scenarios. It is defined as the worst outcome of the following scenarios: gradual increase or decrease in interest rates by 200bps and instantaneous increase or decrease of 100bps. All scenarios are measured over a time horizon of one year. NII-at-Risk covers all expected cash flows, including commercial margins and other spread components, from interest-rate-sensitive assets and liabilities and off-balance sheet items in the banking book.

The NII-at-Risk in Q2 increased to -3.5% and, as in Q4 2018, reflects a reduction of NII in the scenario of an instantaneous decrease in interest rates. The increase compared to 31 December 2018 was largely attributable to business developments including lower coupons for savings deposits which result in a more negative impact in downward rates scenarios due to applied client rate floors. In calculating

NII-at-Risk, a constant balance sheet is taken into account. The most positive NII occurs for the scenario where interest rates rise gradually by 200bps, in which NII would increase by 6.5%.

Interbank Offered Rates (IBORs)

IBORs are used by a multitude of market participants as a reference for interest rate payments for cash products and derivatives and for valuation of derivatives instruments. Within ABN AMRO, IBOR rates can be found in a wide range of products such as OTC derivatives, securitised products, loans, deposits, floating rate notes, etc. The majority of the rates in these contracts refer to EONIA and EURIBOR.

ABN AMRO is preparing for the introduction of €STR (the replacement for EONIA) and the reform of EURIBOR. These preparations include amending contracts were necessary to ensure a smooth transition in case current benchmark rates cease to exist. For USD and GBP new overnight rates have already been introduced to replace LIBOR (SOFR and SONIA respectively). Developments in other maturities and other jurisdictions are carefully monitored and planned for.

Market risk in trading book

Internal aggregated diversified and undiversified VaR for all trading positions

(in millions)	30 June 2019		31 December 2018	
	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	1.1	2.2	0.9	1.4
Highest VaR	2.1	4.9	5.0	11.4
Lowest VaR	0.6	1.0	0.6	1.4
Average VaR	1.1	2.2	2.0	3.4

Developments over the first six months

In H1 2019, the average diversified 1-day VaR at a 99% confidence level decreased by EUR 0.9 million to EUR 1.1 million compared to 2018. The highest diversified VaR in H1 2019 was EUR 2.1 million. The average

undiversified VaR decreased from EUR 3.4 million in 2018 to EUR 2.2 million in H1 2019. The observed decrease for the average VaR was driven by an overall reduction of positions.

Liquidity risk

Highlights

- ▶ The increase in the Loan-to-Deposit ratio is attributable to a definition change as of 2019. Under the new definition, this ratio is calculated by dividing loans to customers by amounts due to customers as reported on the balance sheet.
- ▶ Based on the new definition, the Loan-to-Deposit ratio would have been 115% as at year-end 2018. Hence, the Loan-to-Deposit ratio has decreased to 113% from 115% since year end 2018, as client deposits grew more than loans to customers.

Liquidity indicators

	30 June 2019	31 December 2018
Available liquidity buffer (in billions) ¹	83.1	84.5
Survival period (moderate stress)	> 12 months	> 12 months
LCR	>100%	>100%
NSFR	>100%	>100%
Loan-to-Deposit ratio	113%	111%

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

Liquidity buffer composition

(in billions)	30 June 2019		31 December 2018	
	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits ¹	28.3	28.3	33.7	33.7
Government bonds	35.3	36.1	35.9	36.7
Covered bonds	3.9	3.7	3.0	3.3
Retained issuances ²	7.1		4.3	
Other	8.6	8.7	7.6	7.7
Total liquidity buffer	83.1	76.8	84.5	81.4

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

² Contains retained RMBS and retained covered bonds.

Funding

Highlights

- ▶ Lower levels of outstanding wholesale funding are consistent with the increase in client deposits, which is mostly reflected in the decline in commercial paper and senior unsecured notes.
- ▶ Long-term funding raised in H1 2019 totalled EUR 5.0 billion and was issued in Euro. EUR 0.8 billion

was issued in green bonds to support sustainability activities and EUR 1.7 billion was issued in covered bonds to support mortgage activities. Finally, EUR 2.5 billion was issued in senior unsecured funding and converted into USD to support the USD loan book.

Main types of wholesale funding

(in millions)	30 June 2019	31 December 2018
Total Commercial Paper/Certificates of Deposit	10,834	15,801
Senior unsecured (medium-term notes) ¹	27,882	31,848
Covered bonds	35,771	32,629
Securitisations	500	500
Saving certificates		6
Total issued debt	74,986	80,784
Subordinated liabilities	9,958	9,805
Total wholesale funding	84,944	90,589
Other long-term funding ²	8,736	8,765
Total funding instruments³	93,680	99,353
- of which matures within one year	22,461	27,181

¹ Includes Senior preferred instruments only.

² Other long-term funding includes TLTRO II and funding with the Dutch State as counterparty.

³ Includes FX effects, fair value adjustments and interest movements.

Maturity calendar at 30 June 2019

- ▶ Targeted long-term refinancing operations II (TLTRO II) of EUR 8.0 billion is reported at the legal maturity of four years.

- ▶ For other funding, the maturity calendar assumes redemption on the earliest possible call date or the legal maturity date. Early redemption of subordinated instruments occurs only after approval by the regulators.

(notional amounts, in billions)	30 June 2019											
	2019 ¹	2020	2021	2022	2023	2024	2025	2026	2027	2028	≥ 2029	Total
Senior unsecured	1.4	5.8	7.6	4.3	2.4	1.8	2.4	0.8	0.2	0.1	0.3	27.1
Covered bonds	1.7	2.5	2.5	2.7	1.9	1.8	0.5	1.6	0.6	0.7	15.8	32.3
Securitisations	0.5											0.5
Subordinated liabilities		1.6	1.5	1.5	2.4		1.3	0.9			0.3	9.5
Other long-term funding ²		4.1	4.3					0.3	0.2			8.8
Total Long-term funding	3.6	14.1	15.8	8.5	6.8	3.6	4.3	3.6	1.0	0.7	16.3	78.2
Total Long-term funding												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	≥ 2029	Total
31 December 2018	11.2	14.1	14.7	8.5	6.8	2.1	4.2	2.8	1.0	0.7	14.6	80.8

¹ Includes funding that matures in Q3 and Q4 2019.

² Other long-term funding includes TLTRO II and funding with the Dutch State as counterparty.

Capital management

Regulatory capital structure

(in millions)	30 June 2019	31 March 2019	31 December 2018
Total equity (EU IFRS)	21,314	21,623	21,360
Dividend reserve	-1,148	-1,204	-752
AT1 capital securities	-1,986	-1,987	-1,988
Other regulatory adjustments	996	960	725
Common Equity Tier 1	19,176	19,391	19,345
AT1 capital securities	1,986	1,987	1,988
Other regulatory adjustments	-4	-5	-6
Tier 1 capital	21,158	21,374	21,327
Subordinated liabilities Tier 2	6,536	6,604	6,516
Other regulatory adjustments	-64	-75	-75
Total regulatory capital	27,630	27,902	27,768
Total risk-weighted assets	106,593	108,025	105,391
Exposure measure (under CDR)			
On-balance sheet exposures	396,196	394,228	381,295
On-balance sheet netting	8,690	9,236	9,875
Off-balance sheet exposures	100,974	100,356	96,878
Other regulatory measures	-5,745	-6,118	-6,619
Exposure measure	500,115	497,702	481,428
Impact CRR 2 (incl. SA-CCR)	-61,429	-58,354	-53,496
Exposure measure (incl. CRR 2)	438,686	439,347	427,933
Capital ratios			
Common Equity Tier 1 ratio	18.0%	18.0%	18.4%
Tier 1 ratio	19.8%	19.8%	20.2%
Total capital ratio	25.9%	25.8%	26.3%
Leverage ratio (CDR)	4.2%	4.3%	4.4%
Leverage ratio (incl. CRR2)	4.8%	4.9%	5.0%

MREL

(in millions)	30 June 2019	31 March 2019	31 December 2018
Regulatory capital	27,630	27,902	27,768
Other MREL eligible liabilities ¹	2,975	2,986	2,976
Total MREL eligible liabilities	30,605	30,888	30,744
Total risk-weighted assets	106,593	108,025	105,391
MREL ²	28.7%	28.6%	29.2%

¹ Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.

² MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilities divided by total risk-weighted assets.

Developments impacting capital ratios

Common Equity Tier 1 (CET1) capital decreased slightly in Q2 2019, as an additional supervisory capital deduction of EUR 0.2 billion was recorded following the ECB review including provisions, while H1 2019 profits attributable to owners of the parent company (excluding AT1 capital securities) were no longer added to CET1 capital as from Q1 2019. Total RWA decreased to EUR 106.6 billion at 30 June 2019 (31 March 2019: EUR 108.0 billion). At 30 June 2019 the CET1, Tier 1 and Total capital ratios were 18.0%, 19.8% and 25.9% respectively (31 March 2019: 18.0%, 19.8% and 25.8%). All capital ratios were in line with the bank's risk appetite and strategic ambitions and were well above regulatory minimum requirements.

The CET1 capital target range under Basel III is 17.5-18.5%. This consists of a Basel IV implementation buffer of 4-5% on top of the SREP capital requirement, the Pillar 2 guidance and a management buffer (totalling 13.5%). Our capital position remained strong with a CET1 ratio of 18.0%, which was well within the target range (and pro forma CET1 ratio of 18.4% if H1 2019 profits attributable to owners of the parent company, excluding AT1 capital securities, had been added based on last year's 62% payout ratio). Compared with Q1 2019, the CET1 ratio remained stable, mainly reflecting a EUR 1.4 billion RWA decrease offset by the supervisory capital deduction following the ECB review including provisions. The RWA decrease reflects a decrease in operational risk and credit risk, partly offset by an increase in market risk. Operational risk decreased in all business lines due to a model update. The decrease in credit risk was mainly driven by business developments within CIB, slightly offset by an increase in Retail Banking driven by equity investments and to a lesser extent business growth in the mortgage portfolio. The increase in market risk was primarily driven by changed positions. For additional information, please refer to the Risk Developments chapter.

We expect further impact from TRIM, model and provision reviews (including industry-wide non-performing exposure (NPE) guidance). TRIM refers to the regulatory assessment and harmonisation of internal RWA models. As a result of model reviews, we expect that Clearing will be requested to revert to the standardised approach in Q3 2019, for which an equivalent add-on has already been included since Q4 2018. The review of mortgages and

market risk models has been concluded and the impact is included in RWAs. The review of our corporate lending and specialised lending portfolios is in progress for which we have already included some add-ons in our RWAs to reflect preliminary feedback. We expect TRIM to be finalised in the course of 2020, further impacting our Basel III RWAs. TRIM and model reviews are not expected to materially impact Basel IV fully-loaded RWAs, whereas provision reviews could impact both Basel III and Basel IV CET1 ratios and the leverage ratio. If TRIM and model reviews reduce the gap between Basel III and Basel IV RWA, we will lower our Basel III target range of 17.5-18.5% accordingly.

We also expect regulatory headwinds from the industry-wide NPE guidance. In April 2019, the 'Pillar 1 or prudential backstop' regulation came into force and prescribes minimum loss coverage for newly originated non-performing loans. The ECB published additional guidelines which apply to loans defaulted after April 2018. We expect the combined impact of prudential backstop and ECB guidelines to have limited impact at first, gradually building up in later years. In addition, the supervisor expects us to phase-in minimum coverage levels for the existing stock of NPEs during the period of 2020 to 2024. We took a supervisory capital deduction of around EUR 0.2 billion this quarter, ahead of the phase-in of NPE minimum coverage following an ECB review. The capital deduction reflects a regulatory increase in loan coverage over and above IFRS 9 impairments, in effect raising minimum coverage levels ahead of NPE guidance. During the phase-in from 2020 to 2024 we estimate the annual impact to be of a similar order of magnitude. There are some uncertainties and we are working on mitigating actions through NPE divestments and increasing velocity. The NPE implementation will have a meaningful impact on capital generation, but should not materially impact our current strong capital position. NPE and provision reviews impact capital and so are relevant for Basel III, Basel IV and leverage ratio. We expect further regulatory clarity on NPE implementation details in the course of this year.

In Q4 2018, the estimated fully-loaded Basel IV CET1 ratio was around 13.5% (pre-mitigation). This ratio excluding addition of H1 2019 profit remained largely unchanged at Q2 2019. We continue to work on mitigations,

which are expected to mitigate around 20% of the Basel IV RWA inflation, and are well positioned to meet the Basel IV CET1 target of at least 13.5% early in the phase-in period.

The Maximum Distributable Amount (MDA) trigger level applicable to ABN AMRO Bank N.V. under Basel III equals 11.83%, reflecting the 2019 SREP requirements of 11.75% and the counter-cyclical buffer of 0.08%. The reported CET1 ratio is comfortably above the MDA trigger level. The distributable items amount to EUR 18.4 billion at 30 June 2019.

Dividend

Over the first half of 2019, earnings per share were EUR 1.19. The interim dividend for H1 2019 has been set at EUR 0.60 per share, which amounts to EUR 564 million. This is equal to 50% of the sustainable H1 2019 result attributable to owners of the parent company, excluding AT1 capital securities, which is in line with our dividend policy of at least 50% of sustainable profit and with the pay-out ratio over the first half of 2018. At the full-year results, additional distributions of above 50% will be considered if capital is within or above the target range and will be subject to other circumstances, including regulatory and commercial considerations. The combined distribution will amount to at least 50% of sustainable profit.

Regulators are focusing on capital regulation, including Basel IV, TRIM, provision reviews and the industry-wide NPE guidance. Our RWAs have already increased due to TRIM and model reviews, and in Q2 2019 we recorded an additional supervisory capital deduction following a review including provisions by the ECB. We expect further impact going forward. We are actively engaging with the regulator, and our prudent capital management reflects the current economic and regulatory outlook as well as our approach to sustainable dividends.

We recognise the importance of distributions to shareholders and want these to be sustainable. ABN AMRO is strongly capitalised and well positioned to manage the transition through TRIM and Basel IV. We are well placed within our target capital range and expect capital generation to continue, improving our

position to consider additional distributions on top of the targeted dividend pay-out of 50% of sustainable profit at year-end.

Leverage ratio

The CRR capital rules introduced a non-risk-based leverage ratio, which is expected to become a binding measure with effect from 2021. At 30 June 2019, the leverage ratio of ABN AMRO Bank decreased to 4.2% (31 March 2019: 4.3%; 0.2% higher than the 4.1% at 31 March 2019 of the former ABN AMRO Group), reflecting an increase of the exposure measure, the EUR 0.2 billion supervisory capital deduction and not adding H1 2019 profits attributable to owners of the parent company (excluding AT1 capital securities) to the Tier 1 capital. If H1 2019 profits would have been added based on last year's 62% payout ratio the leverage ratio would amount to 4.3%.

The CRR rules for calculating the exposure measure are expected to change by 2021, including the use of the SA-CCR calculation methodology for clearing guarantees. ABN AMRO estimates that the cumulative CRR2 adjustments including the use of SA-CCR will reduce the exposure measure by approximately EUR 61.4 billion, improving the fully-loaded leverage ratio by another 0.6 percentage points. Despite the favourable effects of the application of SA-CCR, ABN AMRO continues to monitor and report the leverage ratio as being at least 4% based on currently applicable rules.

MREL

In April 2019, European Parliament approved a new version of the Bank Recovery and Resolution Directive (BRRD) which means that amended international standards on loss absorption and recapitalisation will be incorporated into EU law and are likely to become applicable in the member states during 2020. Subject to further changes in the MREL framework, our current ambition is to meet an MREL of 29.3% of RWA based on own funds and subordinated instruments (including, in time, senior non-preferred notes). At Q2 2019, MREL was 28.7% based on own funds and subordinated debt.

Responsibility statement

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

- ▶ The Condensed consolidated Interim Financial Statements for the six month period ending on 30 June 2019 give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Bank N.V. and the companies included in the consolidation; and
- ▶ The Interim Report for the six month period ending on 30 June 2019 gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of ABN AMRO Bank N.V. and the companies included in the consolidation.

Amsterdam, 6 August 2019

The Executive Board

Kees van Dijkhuizen, Chief Executive Officer and Chairman

Clifford Abrahams, Chief Financial Officer and Vice-Chairman

Tanja Cuppen, Chief Risk Officer

Christian Bornfeld, Chief Innovation & Technology Officer

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

Condensed consolidated income statement

(in millions)	Note	First half 2019	First half 2018
Income			
Interest income using the effective interest method on assets at amortised cost and fair value through other comprehensive income ¹		4,889	5,036
Other interest and similar income ¹		205	160
Interest expense using the effective interest method on liabilities at amortised cost and fair value through other comprehensive income ¹		1,732	1,817
Other interest and similar expense ¹		107	52
Net interest income		3,254	3,327
Fee and commission income		1,553	1,611
Fee and commission expense		726	755
Net fee and commission income		827	856
Net trading income		8	118
Share of result in equity accounted investments		14	25
Other operating income		301	290
Operating income	4	4,403	4,617
Expenses			
Personnel expenses		1,122	1,210
General and administrative expenses		1,391	1,314
Depreciation and amortisation of tangible and intangible assets		123	86
Operating expenses	5	2,636	2,609
Impairment charges on financial instruments		231	341
Total expenses		2,868	2,951
Operating profit/(loss) before taxation		1,535	1,666
Income tax expense ¹	6	363	370
Profit/(loss) for the period¹		1,172	1,296
<i>Attributable to:</i>			
Owners of the parent company ¹		1,172	1,271
Non-controlling interests			25
Earnings per share (in euros)			
Basic earnings per ordinary share ^{1,2}		1.25	1.35

¹ Comparative figures of 2018 have been restated. Please refer to note 1.

² Earnings per share consist of profit for the period excluding results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Condensed consolidated statement of comprehensive income

(in millions)	First half 2019	First half 2018
Profit/(loss) for the period¹	1,172	1,296
Other comprehensive income:		
<i>Items that will not be reclassified to the income statement</i>		
Remeasurement gains/(losses) on defined benefit plans		
(Un)realised gains/(losses) on Liability own credit risk	4	14
Share of other comprehensive income of associates not reclassified to the income statement		-115
Items that will not be reclassified to the income statement before taxation	4	-101
Income tax relating to items that will not be reclassified to the income statement	1	3
Items that will not be reclassified to the income statement after taxation	3	-104
<i>Items that may be reclassified to the income statement</i>		
(Un)realised gains/(losses) currency translation	28	26
(Un)realised gains/(losses) fair value through OCI	-11	-25
(Un)realised gains/(losses) cash flow hedge	-581	-137
Share of other comprehensive income of associates reclassified to the income statement	18	-9
Other changes		
Other comprehensive income for the period before taxation	-546	-145
Income tax relating to items that may be reclassified to the income statement	-133	-39
Other comprehensive income for the period after taxation	-413	-106
Total comprehensive income/(expense) for the period after taxation	762	1,086
Attributable to:		
Owners of the parent company ¹	762	1,061
Non-controlling interests		25

¹ Comparative figures of 2018 have been restated. Please refer to note 1.

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2019	31 December 2018
Assets			
Cash and balances at central banks ¹		30,281	35,716
Financial assets held for trading	7	1,699	495
Derivatives	8	6,491	6,191
Financial investments	9	44,915	42,184
Securities financing	10	21,007	12,375
Loans and advances banks ¹	12	6,080	6,780
Residential mortgages	13	151,072	150,784
Consumer loans	13	11,986	11,945
Corporate loans at amortised cost	13	105,132	100,408
Corporate loans at fair value through P&L	13	805	783
Other loans and advances customers	13	6,520	6,966
Equity accounted investments		661	522
Property and equipment		1,736	1,506
Goodwill and other intangible assets		184	164
Assets held for sale		664	56
Tax assets		1,036	516
Other assets		5,928	3,904
Total assets		396,196	381,295
Liabilities			
Financial liabilities held for trading	7	1,097	253
Derivatives	8	7,849	7,159
Securities financing	10	12,452	7,407
Due to banks	15	16,511	13,437
Current accounts	16	88,064	84,192
Demand deposits ²	16	127,017	126,063
Time deposits ²	16	26,654	25,058
Other due to customers	16	1,010	810
Issued debt	17	74,986	80,784
Subordinated liabilities	17	9,958	9,805
Provisions	18	1,075	1,204
Liabilities held for sale		3,384	41
Tax liabilities		55	36
Other liabilities		4,770	3,686
Total liabilities		374,881	359,935
Equity			
Share capital		940	800
Share premium		12,970	4,041
Other reserves (incl. retained earnings/profit for the period)		6,735	15,437
Accumulated other comprehensive income		-1,316	-906
AT1 Capital securities		1,986	1,986
Equity attributable to owners of the parent company		21,314	21,357
Equity attributable to non-controlling interests			2
Total equity		21,314	21,360
Total liabilities and equity			
Committed credit facilities	19	57,625	61,166
Guarantees and other commitments	19	15,910	15,241

¹ ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to note 1.

² ABN AMRO has reclassified EUR 2.0 billion from time deposits to demand deposits in the comparative figures of 2018. For additional information, please refer to note 1.

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings ¹	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company ¹	AT1 capital securities	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	800	4,041	11,811	-435	2,788	1,987	20,991	20	21,011
Total comprehensive income				-210	1,271		1,061	25	1,086
Transfer			2,788		-2,788				
Dividend			-752				-752	-2	-754
Increase/(decrease) of capital						-3	-3		-3
Paid interest on AT1 capital securities			-51				-51		-51
Other changes in equity			-1				-1		-1
Balance at 30 June 2018	800	4,041	13,795	-645	1,271	1,984	21,245	43	21,288
Balance at 1 January 2019	800	4,041	13,125	-906	2,311	1,986	21,357	2	21,360
Total comprehensive income				-410	1,172		762		762
Transfer			2,311		-2,311				
Dividend			-752				-752		-752
Increase/(decrease) of capital									
Paid interest on AT1 capital securities			-53				-53		-53
Capital restructuring	140	8,929	-9,069						
Other changes in equity								-2	-2
Balance at 30 June 2019	940	12,970	5,563	-1,316	1,172	1,986	21,314		21,314

¹ Comparative figures of 2018 have been restated. Please refer to note 1.

On 29 June 2019, the merger between ABN AMRO Bank N.V. and ABN AMRO Group N.V. was completed. Before completion of the merger, ABN AMRO Bank N.V. made a payment of EUR 9,069 million from its retained earnings to ABN AMRO Group N.V., and ABN AMRO Group N.V. contributed the same amount to ABN AMRO Bank N.V.'s share premium. Consequently, ABN AMRO Bank N.V.'s retained earnings decreased by EUR 9,069 million and its share premium increased by the same amount.

Every shareholder of ABN AMRO Group N.V. received one share in ABN AMRO Bank N.V. As the number of shares outstanding at ABN AMRO Group N.V. was 140 million higher, ABN AMRO Bank N.V. issued 140 million additional shares of EUR 1 each. These shares were funded out of the share premium. As a result of these transactions, the equity components of ABN AMRO Bank N.V. match the pre-merger equity components of ABN AMRO Group N.V.

As a result of the IAS 12 amendments which were part of the Annual Improvements Cycle 2015-2017, dividends on equity instruments are no longer tax deductible. For additional information, please refer to note 1.

ABN AMRO Bank N.V.'s final dividend payment to shareholders resulted in a total decrease of EUR 752 million. The interest paid on the AT1 Capital securities resulted in a decrease of EUR 53 million. The decrease in equity related to the movement in other comprehensive income, which was mostly driven by the cash flow hedge reserve.

Specification of accumulated other comprehensive income is as follows:

(in millions)	Remeasurements on post-retire- ment benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 January 2018	-21	-33	450	-919	152	-64	-435
Net gains/(losses) arising during the period		26	-25	-137	-124	14	-246
Less: Net realised gains/(losses) included in income statement							
Net gains/(losses) in equity		26	-25	-137	-124	14	-246
Related income tax		1	-6	-34		4	-35
Balance at 30 June 2018	-21	-8	431	-1,022	28	-54	-645
Balance at 1 January 2019	-6	6	286	-1,162	15	-45	-906
Net gains/(losses) arising during the period		28	3	-512	18	4	-459
Less: Net realised gains/(losses) included in income statement			13	70			83
Net gains/(losses) in equity		28	-11	-581	18	4	-542
Related income tax		7	-19	-121		1	-132
Balance at 30 June 2019	-6	28	294	-1,623	33	-42	-1,316

The total movement of other comprehensive income was EUR 411 million negative in H1 2019 (H1 2018: EUR 209 million negative). The cash flow hedge reserve had the largest impact on other comprehensive income, with a total movement of EUR 460 million negative. The movement of the cash flow hedge reserve was mostly attributable to the decrease in interest rates.

Condensed consolidated statement of cash flows

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

(in millions)	Note	First half 2019	First half 2018
Profit/(loss) for the period¹		1,172	1,296
Adjustments on non-cash items included in profit:			
(Un)realised gains/(losses)		143	933
Share of profits in associates and joint ventures		-14	-25
Depreciation, amortisation and accretion		235	181
Provisions and impairment losses		434	465
Income tax expense	6	363	370
Tax movements other than taxes paid & income taxes		-3	-19
Other non-cash adjustments		-22	-1
Operating activities			
Changes in:			
- Assets held for trading		-1,190	185
- Derivatives - assets		-478	743
- Securities financing - assets		-8,608	-890
- Loans and advances banks ¹		-75	-645
- Residential mortgages		432	355
- Consumer loans		198	19
- Corporate loans		-5,223	-4,971
- Other loans and advances customers		478	1,534
- Other assets		-2,064	-372
- Liabilities held for trading		832	-773
- Derivatives - liabilities		569	1,736
- Securities financing - liabilities		5,042	1,183
- Due to banks		3,073	-1,807
- Due to customers		8,884	1,090
Net changes in all other operational assets and liabilities		332	-2,691
Dividend received from associates and private equity investments		47	92
Income tax paid		-742	-576
Cash flow from operating activities		3,813	-2,589

continued >

Condensed consolidated Interim Financial Statements 2019

(in millions)	Note	First half 2019	First half 2018
Investing activities			
Purchases of financial investments		-5,187	-8,349
Proceeds from sales and redemptions of financial investments		3,551	7,997
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures		432	-46
Divestments of subsidiaries (net of cash sold), associates and joint ventures		154	-15
Purchases of property and equipment		-176	-173
Proceeds from sales of property and equipment		60	74
Purchases of intangible assets		-36	-15
Other changes		-2	
Cash flow from investing activities		-1,205	-527
Financing activities:			
Proceeds from the issuance of debt		14,417	20,763
Repayment of issued debt		-22,432	-19,279
Proceeds from subordinated liabilities issued		5	16
Repayment of subordinated liabilities issued		-28	-26
Proceeds from other borrowing			-3
Dividends paid to the owners of the parent company		-752	-752
Interest paid AT1 capital securities ¹		-53	-51
Dividends paid to other non-controlling interests			-2
Payment of lease liabilities		-16	
Cash flow from financing activities		-8,859	666
Net increase/(decrease) of cash and cash equivalents		-6,250	-2,451
Cash and cash equivalents as at 1 January ²		37,740	34,640
Effect of exchange rate differences on cash and cash equivalents		7	25
Cash and cash equivalents as at 30 June¹		31,497	32,214
Supplementary disclosure of operating cash flow information			
Interest paid		3,502	3,261
Interest received		6,522	6,461
Dividend received excluding associates		10	5

¹ Comparative figures of 2018 have been restated. Please refer to note 1.

² ABN AMRO has reclassified EUR 1.5 billion (1 January 2018) and EUR 1.4 billion (30 June 2018) from loans and advances banks to cash and balances at central banks in the comparative figures. For additional information, please refer to note 1.

(in millions)	30 June 2019	30 June 2018
Cash and balances at central banks ¹	30,281	30,184
Loans and advances banks (less than 3 months) ²	1,217	2,031
Total cash and cash equivalents	31,497	32,214

¹ ABN AMRO has reclassified EUR 1.4 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to note 1.

² Loans and advances banks with an original maturity of 3 months or more is included in Loans and advances banks.

Notes to the Condensed consolidated Interim Financial Statements

1 Accounting policies

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

Corporate information

ABN AMRO Bank N.V. (referred to as ABN AMRO Bank, ABN AMRO or the parent company) provide financial services in the Netherlands and abroad together with its consolidated group of entities. ABN AMRO Bank is a public limited liability company, incorporated under Dutch law on 9 April 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands (Chamber of Commerce number 34334259).

On 29 June 2019, ABN AMRO Bank N.V. merged with its parent company ABN AMRO Group N.V. As a result of the merger, ABN AMRO Group N.V. ceased to exist. The activities of ABN AMRO Group N.V. have been integrated into and continued in ABN AMRO Bank N.V. Shareholders of ABN AMRO Group N.V. became shareholders of ABN AMRO Bank N.V., while shares in ABN AMRO Bank N.V. are represented by depositary receipts, through which ABN AMRO's listing on Euronext Amsterdam has been retained. Before completion of the merger, ABN AMRO Bank N.V. made a payment of EUR 9,069 million from its retained earnings to ABN AMRO Group N.V., and ABN AMRO Group N.V. contributed the same amount to ABN AMRO Bank N.V.'s share premium. Consequently, ABN AMRO Bank N.V.'s retained earnings decreased by EUR 9,069 million and its share premium increased by the same amount. As the number of shares outstanding at ABN AMRO Group N.V. was 140 million higher, ABN AMRO Bank N.V. issued 140 million additional shares of EUR 1 each. These shares were funded out of the share premium. As a result of these transactions, the equity components of ABN AMRO Bank N.V. match the pre-merger equity components of ABN AMRO Group N.V. Holders of debt instruments continue to hold instruments issued by ABN AMRO Bank N.V.

As at 30 June 2019, all shares in the capital of ABN AMRO Bank N.V. were held by two foundations: NLFI and STAK AAG. On that date, NLFI held 56.3% in ABN AMRO Bank N.V., of which 49.9% was directly held via ordinary shares and 6.4% was indirectly held via depositary receipts for shares in ABN AMRO Bank N.V. STAK AAG held 50.1% of the shares in the issued capital of ABN AMRO Bank N.V. Both foundations have issued depositary receipts for shares in ABN AMRO Bank N.V. Only STAK AAG's depositary receipts are issued with the cooperation of ABN AMRO Bank N.V. and traded on Euronext Amsterdam.

The Condensed consolidated Interim Financial Statements of ABN AMRO Bank N.V. for the six months ending on 30 June 2019 include financial information of ABN AMRO Bank N.V., its controlled entities, interests in associates and joint ventures. The Condensed consolidated Interim Financial Statements were prepared by the Executive Board and authorised for issue by the Supervisory Board and Executive Board on 6 August 2019.

Basis of presentation

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

The Condensed consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Bank's 2018 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies applied in the Condensed consolidated Interim Financial Statements are the same as those applied in the 2018 Consolidated Annual Financial Statements of ABN AMRO Bank, except for the adoption of IFRS 16, the amendments to IFRS 9, the amendments to IAS 28, the amendments of the Annual Improvements to IFRS Standards 2015-2017 Cycle as of 1 January 2019 and the voluntary change in accounting policy relating to presentation of interest income and interest expense. For additional information, please refer to the Changes in accounting policies section.

The Condensed consolidated Interim Financial Statements are prepared under the going concern assumption and presented in euros, which is the reporting currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Correction of prior periods

As at 1 January 2019, ABN AMRO Bank changed the presentation of all financial lease and factoring receivables in the Risk, funding & capital information section of this report. Within loans and advances to customers, an amount of EUR 8.6 billion in assets, including EUR 0.6 billion in stage 2 and EUR 0.3 billion in stage 3, was reclassified from other loans and advances to corporate loans. The comparative figures have been adjusted accordingly.

During the first half of 2019, ABN AMRO concluded that some amounts relating to central banks should not be reported in loans and advances to banks. An amount of EUR 1.3 billion has been reclassified from loans and advances to banks, to cash and balances at central banks in the comparative figures of 31 December 2018 (EUR 1.4 billion at 30 June 2018, EUR 1.5 billion at 1 January 2018).

ABN AMRO improved its reporting procedures for deposits due to customers during the first half of 2019. The application of the definitions of time deposits and demand deposits was reviewed. This resulted in a reclassification of EUR 2.0 billion from time deposits to demand deposits as at 31 December 2018.

Share based payments

Effective as from 2019, ABN AMRO has a share based payment plan that consists of a cash bonus and a non-cash bonus. The non-cash bonus qualifies as a cash settled share based payment plan as defined by IFRS 2 Share Based Payments. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in personnel expenses. The fair value is measured initially at each reporting date up to and including the settlement date, which changes in fair value recognised in personnel expenses until the vesting date. The fair value is determined using an internally developed model based on the share price and market expectation of future dividends. Participants in the plan have the option to request Depositary Receipts (DRs) rather than cash. This choice can be made during the quarter in which the settlement takes place and is subject to Supervisory Board approval. This equity component in the plan is valued at nil until the request is approved. Participants receive the same amount of fair value regardless of whether they choose cash or DRs. If participants choose DRs, the value of the DRs is transferred from the liability in its entirety to an equity account. During the period between the timing, participants can make a choice for DRs rather than cash and the actual delivery to the participant is expected to take place in the same quarter. Past practice also shows that the number of participants that choose DRs rather than cash is very small. Therefore the impact on the accounting is limited and does not impact earnings per share. The non-cash bonus in this share based payment plan replaces a non-cash bonus that existed in a previous variable compensation plan and was recorded based on IAS 19 Employee benefits. The cash bonus in this revised variable compensation plan is recorded based on IAS 19. The consolidated income statement is not materially impacted

due to the implementation of IFRS 2. ABN AMRO will not issue additional shares, but will buy shares in the market when needed. As the purchase of shares is expected to take place in the quarter during which the DRs are delivered, there is no impact on (diluted) earnings per share.

Changes in accounting policies

During the first half of 2019, new EU endorsed standards became effective. The following standards were adopted:

IFRS 16 Leases

As from 1 January 2019, ABN AMRO has adopted IFRS 16 Leases. IFRS 16 was issued by the IASB in January 2016 and endorsed by the EU in October 2017. ABN AMRO decided to apply IFRS 16 retrospectively with the cumulative effect of initial application recognised in retained earnings as of 1 January 2019. Comparatives have not been restated in line with the transitional provisions of the standard.

Lessee accounting

For lessee accounting, IFRS 16 removes the distinction between 'operating' and 'finance' leases. All leases are recognised on balance as a right of use (ROU) asset and lease liability. As a lessee, ABN AMRO enters into various lease contracts, mainly for office buildings and cars which the bank leases for its own use. Under IAS 17, ABN AMRO did not enter into any finance leases as a lessee. When accounting for the contracts as a lessee, ABN AMRO separates non-lease components from lease components. Upon initial recognition, the lease liability is measured by discounting all future lease payables at the incremental borrowing rate. This rate reflects the rate of interest ABN AMRO would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a value similar to that of the ROU asset in a similar economic environment. Upon transition, the remaining lease term is used in applying the incremental borrowing rate. The ROU asset is initially measured at cost, which reflects the amount of the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs.

Subsequently, the lease asset is depreciated over the period of the lease using the straight line method and adjusted for any remeasurement of the lease liability. The lease liability is subsequently increased to reflect the interest on the lease liability and decreased for the lease payments made. Lease modifications could result in remeasurements of the lease liability. Such remeasurements could occur when there is a change in future variable lease payments, if there is a change in the bank's estimate of the amount payable under a residual value guarantee, or when ABN AMRO changes its assessment regarding purchase, extension or termination options. Remeasurements also result in an adjustment to the ROU asset or are recorded in the income statement if the ROU asset has been reduced to zero. Lease modifications where both the scope and price increase proportionally are accounted for as separate leases.

Expenses related to short-term leases with a lease term of less than 12 months and leases of low-value are recognised on a straight line basis in the income statement, as permitted by the standard. ROU assets are presented as part of property and equipment, while the lease liabilities are presented as part of other liabilities. Depreciation of the ROU assets is presented in the depreciation and amortisation of tangible and intangible assets line item of the income statement, and the interest on lease liabilities is included in interest expense.

Lessor accounting

Where ABN AMRO acts as lessor, a distinction is made between operating and finance leases. Leases where the Bank transfers substantially all risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. Leases that do not transfer these risks and rewards are classified as operating leases. Finance leases are recognised as a receivable in loans and advances at an amount equal to the net investment in the lease, less credit loss allowances. Assets subject to operating lease are recognised at cost in property and equipment. Income from both operating and finance leases is recognised on a straight line basis over the lease term.

Impact of transition to IFRS 16

As permitted by the standard, ABN AMRO used the following practical expedients upon transition on a lease-by-lease basis available under the chosen implementation approach:

- ▶ Calculate the ROU assets at the date of initial application at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.
- ▶ Apply the recognition exemption for leases ending within 12 months at initial application.
- ▶ Rely on the previous assessment of whether leases are onerous in accordance with IAS 37 as an alternative to performing an impairment review.
- ▶ Use hindsight in determining the lease term if contractual options to extend or terminate the lease exist.

The transition to IFRS 16 resulted in an increase in assets and liabilities of EUR 0.3 billion on 1 January 2019. The impact on equity is not significant, as ABN AMRO chose to apply the practical expedient that allows it to measure the ROU asset at an amount equal to the lease liability.

The table below explains the difference between the operating lease commitments on 31 December 2018 applying IAS 17 and the lease liabilities recognised resulting from the initial application of IFRS 16 on 1 January 2019.

(in millions)	1 January 2019
Future minimum lease payments under non-cancellable contracts as per 31 December 2018 (IAS 17)	413
Discounting effect using the average incremental borrowing rate of 1.4%	-15
Recognition exemption for short-term and low value leases	-39
Adjustments resulting from a different treatment of extension and termination options	-5
Other changes	-51
Lease liabilities as per 1 January 2019 (IFRS 16)	304

Other changes relate to new lease contracts which were non-cancellable lease commitments under IAS 17 as at 31 December 2018, but which had not yet commenced on 1 January 2019 and were therefore not included in the IFRS 16 opening balance.

Amendments to IFRS 9 Financial Instruments

The IASB issued amendments to IFRS 9, Prepayment Features with Negative Compensation, which became effective on 1 January 2019. These amendments allow instruments with symmetric prepayment options to be measured at amortised cost or at fair value through other comprehensive income. As ABN AMRO does not have financial instruments with these features, these amendments have no impact.

Amendments to IAS 28 Investments in Associates and Joint Ventures

In October 2017, the IASB issued amendments to IAS 28 that became effective on 1 January 2019. The amendments state that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied. The implementation of these amendments have no impact on ABN AMRO.

Annual Improvements 2015-2017 Cycle

In December 2017, the IASB issued the Annual Improvements to IFRS Standards 2015-2017 Cycle. Application of these amendments is required for annual reporting periods beginning on or after 1 January 2019. This cycle of annual improvements comprises amendments relating to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. The amendments to IAS 12 relate to dividend on equity instruments. Any income tax impact must be recognised in profit or loss. In prior years, the dividend on the AT1 instruments was tax deductible. In 2019 this dividend is no longer tax deductible. Changes in accounting policies need to be applied retrospectively. Comparative information has been adjusted, resulting in a EUR 13 million decrease of income tax expense as per June 2018. Total equity was not impacted. Other amendments in this annual improvements cycle do not have a significant impact on the financial statements.

Voluntary change in accounting policy relating to presentation of interest income and interest expense

During the first half of 2019, ABN AMRO changed the presentation of interest income and expense on hedge accounting. Interest income and expense on hedging instruments is presented in the same line items as the hedged item measured at amortised cost or fair value through other comprehensive income. The change enhances comparability with market participants and better reflects the net effective interest results on hedged assets and liabilities in an effective hedge accounting relationship. In addition to the changed presentation of interest income from hedge accounting, the bank decided to present interest expense at the same level of detail as interest income.

Due to the voluntary change in accounting policy, the comparative figures have been adjusted resulting in a EUR 1,286 million decrease of both interest income and interest expense as of 30 June 2018.

New standards, amendments and interpretations not yet endorsed

The following new or revised standards and amendments have been issued by the IASB, but have not yet been endorsed by the European Union and are therefore not open for early adoption. Note that only the amendments to IFRS that are relevant for ABN AMRO are discussed below.

Amendments to IFRS 3 Business combinations

In October 2018 the IASB issued amendments to IFRS 3 Business Combinations. The amendments resolve difficulties in determining whether an entity has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after 1 January 2020. ABN AMRO will use the revised IFRS 3 if acquisitions are done with an acquisition date after 1 January 2020.

Definition of Material (amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments, which will become effective for reporting periods starting on or after 1 January 2020, revise the definition of material and align the definition across other IFRS publications such as IFRS Standards and IFRIC Interpretations. ABN AMRO is currently assessing the impact of the amendments.

2 Segment reporting

Retail Banking

Retail Banking provides banking products and services to individuals. In addition, a wide variety of banking and insurance products and services are provided through our branch network, online, via contact centres and through subsidiaries. ABN AMRO HypothekenGroep, Alfam, ICS and Moneyou are part of Retail Banking.

Commercial Banking

Commercial Banking serves business clients with a turnover of up to EUR 250 million, and clients active in commercial real estate (excluding publicly listed companies, which are served by Corporate & Institutional Banking) and small businesses. ABN AMRO's asset based finance activities are included in Commercial Banking.

Private Banking

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

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) serves business clients with turnover exceeding EUR 250 million. In Northwest Europe, clients with turnover exceeding EUR 100 million are served in eight selected sectors. CIB covers loan products (Structured Finance and Trade & Commodity Finance), flow products (Global Markets) and specialised products (Clearing and Private Equity). CIB's business activities are organised according to sector, geography and product.

Group Functions

Group Functions supports the business segments and consists of Innovation & Technology, Risk Management, Legal and Compliance, Finance, HR, Transformation and Communications, Group Audit, Strategy & Sustainability, and the Corporate Office. The majority of Group Functions' costs are allocated to the businesses. The results of Group Functions include those of ALM and Treasury and the securities financing activities.

Segment income statement of the first six months of 2019

	First half 2019					
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Net interest income	1,498	775	347	617	18	3,254
Net fee and commission income	176	126	251	259	15	827
Net trading income		-1		8		8
Share of result in equity accounted investments	6	1	8	2	-3	14
Other operating income	22	11	23	32	213	301
Operating income	1,701	912	629	918	242	4,403
Expenses						
Personnel expenses	202	140	191	215	373	1,122
General and administrative expenses	377	73	111	134	696	1,391
Depreciation and amortisation of tangible and intangible assets	4	5	26	12	76	123
Intersegment revenues/expenses	481	260	143	179	-1,063	
Operating expenses	1,064	479	472	539	83	2,636
Impairment charges on financial instruments	19	74	12	129	-1	231
Total expenses	1,083	552	483	668	82	2,868
Operating profit/(loss) before taxation	618	360	146	251	160	1,535
Income tax expense	155	91	40	65	12	363
Profit/(loss) for the period	463	269	106	185	147	1,172
<i>Attributable to:</i>						
Owners of the company	463	269	106	185	147	1,172
Non-controlling interests						

Segment income statement of the first six months of 2018

(in millions)	First half 2018					Total
	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	
Income						
Net interest income	1,594	820	364	551	-2	3,327
Net fee and commission income	170	125	269	277	15	856
Net trading income		-1	5	85	29	118
Share of result in equity accounted investments	12	1	8	4	1	25
Other operating income	4	23	64	104	95	290
Operating income	1,779	969	709	1,021	138	4,617
Expenses						
Personnel expenses	230	155	202	235	387	1,210
General and administrative expenses	262	67	121	187	678	1,314
Depreciation and amortisation of tangible and intangible assets	3	5	10	4	64	86
Intersegment revenues/expenses	519	258	136	183	-1,097	
Operating expenses	1,015	485	470	609	32	2,609
Impairment charges on financial instruments	-19	114	12	236	-2	341
Total expenses	996	598	482	845	30	2,951
Operating profit/(loss) before taxation	783	371	228	177	107	1,666
Income tax expense ¹	195	91	58	26		370
Profit/(loss) for the period¹	589	280	169	151	107	1,296
<i>Attributable to:</i>						
Owners of the company	589	280	169	126	107	1,271
Non-controlling interests				25		25

¹ Comparative figures of 2018 have been restated. Please refer to note 1.

Retail Banking

Net interest income declined by EUR 96 million (H1 2018: EUR 1,594 million) due to the combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions. The trend showed lower interest income from mortgages due to lower average volumes. Average savings volumes were almost flat and margins decreased. Interest rates continued to come down in the last quarter, predominantly impacting deposit margins.

Net fee and commission income increased by EUR 6 million to EUR 176 million in H1 2019, due to higher payment fees.

Personnel expenses decreased by EUR 28 million to EUR 202 million in H1 2019. The decrease was mainly attributable to lower FTE levels, partly offset by a 2% wage drift. The number of FTEs declined by 404 to 4,375 on 30 June 2019 as a result of digitalisation and cost-saving programmes, which was also reflected in a further reduction in the number of branches.

General and administrative expenses increased by EUR 115 million, totalling EUR 377 million in H1 2019, mainly due to a EUR 114 million provision for the customer due diligence (CDD) remediation programme.

Impairment charges showed an increase of EUR 38 million in H1 2019, whereas H1 2018 showed a release of EUR 19 million. Impairments were higher as a result of the application of recalibrated UTP triggers and the consumer portfolio.

Commercial Banking

Net interest income decreased by EUR 45 million to EUR 775 million in H1 2019. The decrease reflected the strong performance of the Dutch economy, which was more than offset by the combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions and the savings margin decrease from the prolonged low interest rate environment.

Net fee and commission income remained approximately stable, totalling EUR 126 million in H1 2019.

Other operating income was EUR 11 million in H1 2019 (H1 2018: EUR 23 million). The decrease was attributable to higher equity stake revaluations in 2018.

Personnel expenses decreased by EUR 15 million to EUR 140 million. Personnel expenses continued to trend down due to the continued execution of cost-saving programmes, and the transfer of FTE to Group Functions in order to further optimise and centralise support functions.

General and administrative expenses increased by EUR 6 million to EUR 73 million due to higher regulatory levies.

Impairment charges decreased by EUR 40 million to EUR 74 million. Lower impairments reflect high specific charges in H1 2018 which included files, predominantly in the healthcare sector.

Private Banking

Net interest income decreased by EUR 17 million, compared with H1 2018, arriving at EUR 347 million. The decrease was mainly attributable to the combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions and the savings margin decrease resulting from the prolonged low interest rate environment.

Net fee and commission income showed a decline of EUR 18 million compared with H1 2018, arriving at EUR 251 million. Net fee and commission income was impacted by lower fees as more clients opted for execution-only.

Other operating income decreased by EUR 41 million, compared with H1 2018, arriving at EUR 23 million in H1 2019. This was mainly the result of EUR 48 million positive incidentals in H1 2018.

Personnel expenses decreased by EUR 11 million compared with H1 2018, arriving at EUR 191 million. Personnel expenses decreased following FTE reductions, partly offset by wage inflation. Compared with H1 2018, FTE levels decreased by 73, reflecting progress in the transformation of Private Banking.

General and administrative expenses amounted to EUR 111 million versus EUR 121 million in H1 2018. This was primarily due to less hiring of external staffing and lower other expenses.

Impairment charges remained stable at EUR 12 million.

Corporate & Institutional Banking

Net interest income grew by EUR 66 million, totalling EUR 617 million in H1 2019. Net interest income rose mainly due to the favourable combined result of the non-maturing deposit (NMD) model update and the reallocation of net interest income from Group Functions.

Net fee and commission income came to EUR 259 million (H1 2018: EUR 277 million). Fee income decreased due to lower client activity and a decrease of market activity in Clearing, especially in the first quarter.

Net trading income decreased from EUR 85 million in H1 2018 to EUR 8 million in H1 2019 due to SME derivatives-related issues, relating to the provision for client compensation.

Other operating income decreased from EUR 104 million in H1 2018 to EUR 32 million in H1 2019, mainly due to lower equity participations results.

Personnel expenses decreased by EUR 20 million to EUR 215 million in H1 2019 due to the continued execution of cost-saving programmes. Compared with H1 2018, the number of FTEs decreased by 49.

General and administrative expenses amounted to EUR 134 million in H1 2019 versus EUR 187 million in H1 2018, mainly due to the provision for SME derivatives-related issues in H1 2018, relating the provision for project costs.

Impairment charges amounted to EUR 129 million, compared with EUR 236 million in H1 2018. Impairment charges were elevated in H1 2018 for a select number of clients and sectors (natural resources, trade & commodity finance including diamond & jewellery clients, and global transportation & logistics).

Group Functions

Net interest income amounted to EUR 18 million (H1 2018: EUR -2 million). Adjusted for positive incidentals in H1 2018, the increase in net interest income was primarily attributable to lower liquidity management costs. H1 2019 included a positive revaluation for DSB due to a claim related to DSB.

Net fee and commission remained stable at EUR 15 million.

Net trading income in H1 2018 amounted to EUR 29 million and related to a provision release for securities financing activities discontinued in 2009.

Other operating income increased from EUR 95 million in H1 2018 to EUR 213 million in H1 2019, mainly due to a EUR 130 million book gain for the sale of Stater.

Personnel expenses declined by EUR 14 million to EUR 373 million in H1 2019 on the back of substantial FTE reductions due to the sale of Stater. This was partly offset by the transfer from the commercial segments to Group Functions in order to further optimise, centralise support functions and continue upscaling for regulatory-related projects.

General and administrative expenses increased by EUR 18 million to EUR 696 million in H1 2019, mainly due to centralisation of support activities.

Selected assets and liabilities by segment

30 June 2019

(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				1,699		1,699
Derivatives			29	5,330	1,132	6,491
Securities financing				5,285	15,722	21,007
Residential mortgages	145,499	3	2,531		3,038	151,072
Consumer loans	6,599	595	4,750	42		11,986
Corporate loans	1,726	42,097	5,246	54,385	2,482	105,937
Other loans and advances customers	13	203	6	6,095	203	6,520
Other	2,123	2,031	5,320	9,344	72,667	91,485
Total assets	155,961	44,929	17,882	82,180	95,244	396,196
Liabilities						
Financial liabilities held for trading				1,097		1,097
Derivatives			9	6,227	1,613	7,849
Securities financing				668	11,783	12,452
Current accounts	17,453	29,177	20,432	20,360	642	88,064
Demand deposits	71,205	12,819	42,395	591	7	127,017
Time deposits	7,582	3,306	4,868	5,945	4,953	26,654
Other due to customers	130			833	47	1,010
Other	59,590	-372	-49,822	46,458	54,884	110,739
Total liabilities	155,961	44,929	17,882	82,180	73,929	374,881

31 December 2018

(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				495		495
Derivatives			31	5,170	990	6,191
Securities financing				5,286	7,089	12,375
Residential mortgages	145,986	4	2,693		2,101	150,784
Consumer loans	6,815	537	4,530	64		11,945
Corporate loans	1,667	40,763	5,236	50,321	3,205	101,191
Other loans and advances customers	8	340	4	6,394	220	6,966
Other	1,252	2,000	5,168	6,725	76,202	91,348
Total assets	155,728	43,642	17,661	74,455	89,807	381,295
Liabilities						
Financial liabilities held for trading				253		253
Derivatives			13	5,282	1,864	7,159
Securities financing				462	6,945	7,407
Current accounts	15,375	28,472	18,603	21,144	598	84,192
Demand deposits	70,311	12,971	42,142	623	16	126,063
Time deposits	7,660	3,515	5,411	5,615	2,858	25,058
Other due to customers	136			636	38	810
Other	62,246	-1,316	-48,508	40,441	56,130	108,993
Total liabilities	155,728	43,642	17,661	74,455	68,447	359,935

3 Overview of financial assets and liabilities by measurement base

30 June 2019

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Fair value through other comprehensive income	Total
Financial assets					
Cash and balances at central banks	30,281				30,281
Financial assets held for trading		1,699			1,699
Derivatives		5,620	871		6,491
Financial investments			984	43,932	44,915
Securities financing	21,007				21,007
Loans and advances banks	6,080				6,080
Loans and advances customers	274,704		810		275,514
Assets held for sale	601	1			602
Other assets	2,453				2,453
Total financial assets	335,125	7,320	2,665	43,932	389,042
Financial Liabilities					
Financial liabilities held for trading		1,097			1,097
Derivatives		6,662	1,187		7,849
Securities financing	12,452				12,452
Due to banks	16,511				16,511
Due to customers	242,745				242,745
Issued debt	73,949		1,037		74,986
Subordinated liabilities	9,958				9,958
Liabilities held for sale	3,332	1			3,334
Other liabilities	1,741				1,741
Total financial liabilities	360,688	7,760	2,224		370,672

31 December 2018

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Fair value through other comprehensive income	Total
Financial assets					
Cash and balances at central banks ¹	35,716				35,716
Financial assets held for trading		495			495
Derivatives		5,247	943		6,191
Financial investments			1,004	41,180	42,184
Securities financing	12,375				12,375
Loans and advances banks ¹	6,780				6,780
Loans and advances customers	270,099		787		270,886
Assets held for sale	5				5
Other assets	945				945
Total financial assets	325,918	5,743	2,735	41,180	375,576
Financial Liabilities					
Financial liabilities held for trading		253			253
Derivatives		5,727	1,432		7,159
Securities financing	7,407				7,407
Due to banks	13,437				13,437
Due to customers	236,123				236,123
Issued debt	79,739		1,045		80,784
Subordinated liabilities	9,805				9,805
Liabilities held for sale					
Other liabilities	796				796
Total financial liabilities	347,307	5,979	2,477		355,763

¹ ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to note 1.

4 Operating income

(in millions)	First half 2019	First half 2018
Net interest income	3,254	3,327
Net fee and commission income	827	856
Net trading income	8	118
Share of result in equity accounted investments	14	25
Other income	301	290
Total operating income	4,403	4,617

Operating income in the first six months of 2019

Total operating income for H1 2019 decreased by EUR 214 million to EUR 4,403 million, compared with EUR 4,617 million from H1 2018.

Net interest income in H1 2019 decreased by EUR 73 million to EUR 3,254 million, compared with EUR 3,327 million in H1 2018. Interest income on residential mortgages decreased as average volumes decreased and margins decreased slightly in a competitive market. Average savings volumes were almost flat and margins decreased. Interest rates continued to come down in the last quarter, predominantly impacting deposit margins. As client rates are close to zero, it will become increasingly difficult to offset the decline, and over time margin pressure will increase.

Net fee and commission income decreased by EUR 30 million in H1 2019 to a total of EUR 827 million, compared with EUR 856 million in H1 2018. This was mainly driven by a decrease in portfolio management and trust fees received as more clients opted for execution-only instead of managed portfolios, while costs remained stable. Lower market volatility in H1 2019 led to lower net fee and commission income in Corporate & Institutional Banking.

Net trading income decreased by EUR 110 million in H1 2019, totalling EUR 8 million. The decrease was mainly attributable to a EUR 34 million raise in the provision for SME derivatives-related issues. Furthermore, the decrease was driven by a provision release of EUR 29 million in the prior year in the securities financing business. The final part of the decrease compared to 2018 was caused by a decrease of EUR 9 million in CVA/DVA/FVA and a remaining decrease of EUR 38 million due to lower transaction volumes.

The result for equity accounted investments accounted for a EUR 11 million decrease in H1 2019 to EUR 14 million, compared with EUR 25 million in H1 2018. This decrease was mainly driven by lower results from equity associates in the Netherlands.

Other income in H1 2019 increased by EUR 10 million compared to H1 2018. In H1 2019, the book gain on Stater N.V. (75%) had a large impact on the results, offsetting lower results on financial transactions compared to H1 2018.

Fee and commission income

Fee and commission income by segment is specified in the following tables:

						First half 2019
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Fee and commission income from:						
Securities and custodian services	7		31	718	1	758
Payment services	158	99	13	41	16	327
Portfolio management and trust fees	21	1	231			252
Guarantees and commitment fees	10	14	3	49		75
Insurance and investment fees	24		16			40
Other service fees	9	34	8	18	33	101
Total fee and commission income	228	148	301	825	50	1,553
Timing fee and commission income						
Recognised at a point in time	118	132	158	802	50	1,260
Recognised over time	111	16	143	23		292
Total fee and commission income	228	148	301	825	50	1,553

						First half 2018
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Fee and commission income from:						
Securities and custodian services	9		31	736	1	777
Payment services	149	99	14	44	15	321
Portfolio management and trust fees	23		251			275
Guarantees and commitment fees	11	14	3	58		85
Insurance and investment fees	23		15			39
Other service fees	9	33	7	26	38	113
Total fee and commission income	223	147	322	864	54	1,611

5 Operating expenses

(in millions)	First half 2019	First half 2018
Personnel expenses	1,122	1,210
General and administrative expenses	1,391	1,314
Depreciation and amortisation of tangible and intangible assets	123	86
Total operating expenses	2,636	2,609

Operating expenses in the first six months of 2019

Total operating expenses increased by EUR 27 million to EUR 2,636 million, compared with EUR 2,609 million in H1 2018. This was driven by higher general and administrative expenses (EUR 77 million), and higher depreciation and amortisation figures for tangible and intangible assets (EUR 37 million), which were partly offset by lower personnel expenses (EUR 88 million).

Total general and administrative expenses increased by EUR 77 million to EUR 1,391 million in H1 2019, compared to EUR 1,314 million in H1 2018. The increase was mainly attributable to the CDD provision in H1 2019. H1 2018 included a provision for SME derivatives-related issues.

Depreciation and amortisation of tangible and intangible assets in H1 2019 amounted to EUR 123 million, an increase of EUR 37 million on EUR 86 million in H1 2018. This increase was the result of the implementation of IFRS 16 with effect from 1 January 2019. For additional information, please refer to note 1.

Personnel expenses

(in millions)	First half 2019	First half 2018
Salaries and wages	777	815
Social security charges	121	120
Pension expenses relating to defined benefit plans	2	2
Defined contribution plan expenses	173	174
Other	48	99
Total personnel expenses	1,122	1,210

Personnel expenses in the first six months of 2019

Total personnel expenses for H1 2019 amounted to EUR 1,122 million, a decrease of EUR 88 million from EUR 1,210 million in H1 2018. H1 2018 included a restructuring provision of EUR 33 million for digitalisation and optimisation measures, and a one-off CLA payment of EUR 16 million. The remaining decrease was driven by a further decline in FTE levels following the execution of cost-saving programmes.

6 Income tax expense

(in millions)	First half 2019	First half 2018
Income tax expense ¹	363	370

¹ Comparative figures of 2018 have been restated. Please refer to note 1.

Income tax expense amounted to EUR 363 million in H1 2019, which was EUR 6 million lower than in H1 2018. The decrease was attributable to a lower pre-tax profit in H1 2019.

7 Financial assets and liabilities held for trading

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

Financial assets held for trading

The following table shows the composition of assets held for trading.

(in millions)	30 June 2019	31 December 2018
Trading securities:		
Government bonds	1,196	273
Corporate debt securities	479	202
Equity securities	22	19
Total trading securities	1,697	494
Trading book loans	1	1
Total assets held for trading	1,699	495

Financial assets held for trading increased by EUR 1.2 billion to EUR 1.7 billion at 30 June 2019 (31 December 2018: EUR 0.5 billion).

Government bonds increased by EUR 0.9 billion, mainly due to changes in Dutch, German and French government bond positions. These portfolios are mainly a result of the primary dealership in these countries and are held for the purpose of client facilitation. Most of these contracts are hedged with short positions in corporate debt securities, government bonds and futures.

The EUR 0.3 billion increase in corporate debt securities was the result of movements in various bonds, of which Dutch positions represent the main part.

Financial liabilities held for trading

The following table shows the composition of liabilities held for trading.

(in millions)	30 June 2019	31 December 2018
Bonds	964	131
Equity securities	7	4
Total short security positions	972	135
Other liabilities held for trading	125	117
Total liabilities held for trading	1,097	253

Financial liabilities held for trading increased by EUR 0.8 billion to EUR 1.1 billion at 30 June 2019 (31 December 2018: EUR 0.3 billion).

The increase resulted from an increase in short positions in bonds, primarily in Dutch government bonds.

8 Derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes.

Derivatives held for trading serve to help us facilitate the needs of our clients. Derivatives held for risk management purposes include all derivatives that qualify for hedge accounting and derivatives included in an economic hedge.

Derivatives comprise the following:

									30 June 2019
(in millions)	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives	
	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate		
Exchange traded									
Fair value assets	1		47			16		64	
Fair value liabilities	1		5			11		17	
Notionals	499	85	73			549		1,206	
Over-the-counter									
Central counterparties									
Fair value assets									
Fair value liabilities									
Notionals	1,014,199			882			120,523	1,135,604	
Other bilateral									
Fair value assets	3,856	831	497	90	262	21	871	6,427	
Fair value liabilities	4,577	1,043	549	106	363	6	1,187	7,832	
Notionals	132,850	156,847	2,639	845	17,999	552	14,868	326,600	
Total									
Fair value assets	3,857	831	544	90	262	36	871	6,491	
Fair value liabilities	4,578	1,043	554	106	363	17	1,187	7,849	
Notionals	1,147,548	156,932	2,712	1,727	17,999	1,101	135,391	1,463,410	
									31 December 2018
(in millions)	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives	
	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate		
Exchange traded									
Fair value assets	1		143			14		158	
Fair value liabilities	4		8			4		16	
Notionals	55	43	173			436		706	
Over-the-counter									
Central counterparties									
Fair value assets									
Fair value liabilities									
Notionals	962,063			540			127,294	1,089,897	
Other bilateral									
Fair value assets	3,484	769	443	91	280	23	943	6,033	
Fair value liabilities	3,383	1,063	545	105	610	4	1,432	7,143	
Notionals	131,702	92,186	1,971	971	29,520	723	10,952	268,025	
Total									
Fair value assets	3,485	769	585	91	280	37	943	6,191	
Fair value liabilities	3,387	1,063	553	105	610	9	1,432	7,159	
Notionals	1,093,820	92,229	2,144	1,511	29,520	1,159	138,246	1,358,629	

The notional amount of the interest rate derivatives held for trading at 30 June 2019 amounted to EUR 1,147.5 billion, an increase of EUR 53.7 billion compared with EUR 1,093.8 billion at 31 December 2018. This increase was mainly attributable to clearing with central counterparties, reflecting higher levels of client activity within financial institutions.

The notional amount of currency derivatives held for trading at 30 June 2019 amounted to EUR 156.9 billion, a EUR 64.7 billion increase on EUR 92.2 billion at 31 December 2018. This increase was mainly attributable to higher levels of client activity as the volatility of the foreign exchange market grew compared with 2018.

The notional amount of the currency derivatives held for economic hedges at 30 June 2019 amounted to EUR 18.0 billion, a decrease of EUR 11.5 billion compared with EUR 29.5 billion at 31 December 2018, due to steering actions taken in order to match our risk appetite.

9 Financial investments

Financial investments can be broken down as follows:

(in millions)	30 June 2019	31 December 2018
Financial investments:		
Debt securities held at fair value through other comprehensive income	43,932	41,180
Held at fair value through profit or loss	984	1,004
Total financial investments	44,915	42,184

Debt securities held at fair value through other comprehensive income mainly consist of government bonds.

Financial investments held at fair value through other comprehensive income

The fair value of financial investments held at fair value through other comprehensive income including gross unrealised gains and losses is as follows:

(in millions)	30 June 2019	31 December 2018
Interest-earning securities:		
Dutch government	5,007	4,704
US Treasury and US government	7,072	6,919
Other OECD government	20,035	18,500
Non OECD government	911	905
International bonds issued by the European Union	1,549	1,575
European Stability Mechanism	2,941	2,810
Mortgage- and other asset-backed securities	3,531	3,195
Financial institutions	2,884	2,444
Non-financial institutions	1	129
Total investments held at fair value through other comprehensive income	43,932	41,180

10 Securities financing

(in millions)	30 June 2019		31 December 2018	
	Banks	Customers	Banks	Customers
Assets				
Reverse repurchase agreements	3,257	10,750	2,412	5,119
Securities borrowing transactions	3,556	3,444	2,205	2,639
Total	6,813	14,194	4,617	7,758
Liabilities				
Repurchase agreements	226	10,173	694	4,725
Securities lending transactions	683	1,369	549	1,439
Total	909	11,543	1,243	6,164

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

Movements in securities financing assets and liabilities with banks and customers result from the cyclicity of the business.

11 Fair value of financial instruments

The internal controls of fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent with those set out in the notes to ABN AMRO's 2018 Consolidated Annual Financial Statements.

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

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value in the three categories described below.

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

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

Level 3 financial instruments are those valued using a valuation technique where at least one input with a significant effect on the instrument's valuation is not based on observable market data. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

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

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

(in millions)	30 June 2019				31 December 2018			
	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value
Assets								
Government debt securities	1,196			1,196	272			273
Corporate debt securities	396	83		479	173	29		202
Equity securities	22			22	19			19
Other financial assets held for trading		1		1		1		1
Financial assets held for trading	1,615	84		1,699	465	31		495
Interest rate derivatives	1	4,796	22	4,818	1	4,439	79	4,519
Foreign exchange contracts		818	13	831		751	18	769
Other derivatives	63	779		842	157	746		903
Derivatives	64	6,392	35	6,491	158	5,936	97	6,191
Equity instruments	226	86	665	977	254	186	557	998
Other	7			7	6			6
Financial investments at fair value through profit or loss	233	86	665	984	260	186	557	1,004
Government debt securities	37,064		451	37,515	34,994		419	35,413
Corporate debt securities	2,775	67	44	2,886	2,405	129	39	2,573
Equity instruments								
Other debt securities	3,531			3,531	3,174	20		3,195
Financial assets held at fair value through other comprehensive income	43,370	67	495	43,932	40,573	150	458	41,180
Loans and advances at fair value through profit or loss		810		810		787		787
Total financial assets	45,281	7,440	1,195	53,916	41,456	7,090	1,112	49,658
Liabilities								
Short positions in government debt securities	769			769	53			53
Corporate debt securities	166	29		195	63	16		78
Equity securities	7			7	4			4
Other financial liabilities held for trading		125		125		117		117
Financial liabilities held for trading	942	154		1,097	120	133		253
Interest rate derivatives	1	5,871		5,872	4	4,920		4,924
Foreign exchange contracts		1,406		1,406		1,673		1,673
Other derivatives	16	555		571	17	545		561
Derivatives	17	7,832		7,849	20	7,138		7,159
Issued debt		880	157	1,037		889	156	1,045
Unit-linked for policyholders								
Total financial liabilities	960	8,866	157	9,983	140	8,161	156	8,457

Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into level 3

In 2018 there was a EUR 120 million transfer of equity instruments from level 3 to level 2. This amount related to the minority investment retained in the Capital A Funds which are valued using the observable transaction price. In 2019 these instruments have been transferred back to level 3.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets carried at fair value:

(in millions)	Assets				Liabilities	
	Financial assets held at fair value through other comprehensive income	Financial investments at fair value through profit or loss	Derivatives held for trading	Derivatives not held for trading	Derivatives not held for trading	Issued debt
Balance at 1 January 2018	469	770	106			168
Purchases		63				
Sales		-309				
Gains/(losses) recorded in profit and loss ¹		233				
Unrealised gains/(losses) ²	-12	125	-17			-12
Transfer between levels		-120	8			
Other movements		-205				
Balance at 31 December 2018	458	557	97			156
Purchases		36				
Sales		-2				
Redemptions		-36				
Gains/(losses) recorded in profit and loss ¹	-6					
Unrealised gains/(losses) ²	44	20	5			1
Transfer between levels		114	-67			
Other movements		-23				
Balance at 30 June 2019	495	665	35			157

¹ Included in other operating income.

² Unrealised gains/(losses) on instruments measured at FVOCI are included in Other comprehensive income.

Level 3 sensitivity information

Government bonds – Corporate debt securities

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

Other

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

Equity shares

Equities measured at fair value through profit and loss and classified as level 3 mainly comprise private equity investments.

Private equity shares are measured at fair value, with two calculation techniques being applied:

- ▶ Using comparable pricing in accordance with the European Private Equity and Venture Capitalist Association (EVCA) guidelines. This valuation technique is based on earnings multiples of comparable listed and unlisted companies. The fair value calculation of an investment is strongly linked with movements on the public equity markets;
- ▶ Net Asset Value (NAV) for fund investments and asset-backed investments. This is determined by using audited and unaudited company financial statements and any other information available, publicly or otherwise. As a consequence, the net asset value calculation of an investment is strongly linked to movements in the quarterly performance of the company and can be used as an indicator of fair value. Net Asset Value is used as an indicator of fair value only after a materiality assessment has been made.

New investments are initially valued at fair value. Subsequently, the fair value technique, either EVCA technique or NAV calculation, is applied for direct investments.

The sensitivity for using comparable pricing is determined by stressing the earnings multiples in a positive and negative market scenario, whereas sensitivity testing for the NAV calculation based upon the quarterly performance cannot be applied.

Derivatives

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

	Valuation technique	Unobservable data	Carrying value	Possible alternative assumptions		Unobservable data range		Unobservable data base
				Applying minimum	Applying maximum	Applying minimum	Applying maximum	
(in millions)								
30 June 2019								
Equity shares	Private equity valuation	EBITDA multiples	416	-7	9	6.0	6.0	6.0
Equity shares	Private equity valuation	Net asset value	249	-36	35			
Interest-earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	451	-17	16	19	97	54
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	44	-5	4	187	507	229
Derivatives held for trading	Discounted cash flow	Probability of default	35	-1	2	0.2%	100.0%	59.4%
Issued debt	Discounted cash flow	Credit spread	157			98	120	108
31 December 2018								
Equity shares	Private equity valuation	EBITDA multiples	59	-7	9	6.0	6.0	6.0
Equity shares	Private equity valuation	Net asset value	498	-24	24			
Interest-earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	419	-26	13	36	124	65
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	39		2	408	515	496
Derivatives held for trading	Discounted cash flow	Probability of default	97	-5	10	0.2%	100.0%	27.3%
Issued debt	Discounted cash flow	Credit spread	156	-1	1	100	124	109

Financial assets and liabilities not carried at fair value

The methods and assumptions applied to estimate the fair values of financial instruments not carried at fair value are consistent with those set out in note 21 of the Consolidated Annual Financial Statements 2018.

	30 June 2019					
	Carrying value	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value	Difference
(in millions)						
Assets						
Cash and balances at central banks	30,281	30,281			30,281	
Securities financing	21,007		21,007		21,007	
Loans and advances banks	6,080		5,725	432	6,157	77
Loans and advances customers	274,704		23,936	252,941	276,877	2,173
Total	332,071	30,281	50,668	253,373	334,322	2,251
Liabilities						
Securities financing	12,452		12,452		12,452	
Due to banks	16,511		8,455	8,104	16,559	-49
Due to customers	242,745		74,610	167,107	241,717	1,028
Issued debt	73,949	53,263	25,730		78,993	-5,044
Subordinated liabilities	9,958	10,227	506		10,733	-775
Total	355,614	63,491	121,753	175,211	360,455	-4,840

(in millions)						31 December 2018	
	Carrying value	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value	Difference	
Assets							
Cash and balances at central banks ¹	35,716	35,716			35,716		
Securities financing	12,375		12,375		12,375		
Loans and advances banks ¹	6,780		6,296	491	6,787	8	
Loans and advances customers	270,099		13,284	258,656	271,940	1,841	
Total	324,969	35,716	31,955	259,147	326,818	1,849	
Liabilities							
Securities financing	7,407		7,407		7,407		
Due to banks	13,437		1,472	11,914	13,386	51	
Due to customers	236,123		59,332	172,702	232,034	4,089	
Issued debt	79,739	47,882	33,730		81,612	-1,873	
Subordinated liabilities	9,805	9,547	803		10,350	-545	
Total	346,510	57,429	102,743	184,617	344,788	1,722	

¹ ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to note 1.

12 Loans and advances banks

(in millions)	30 June 2019	31 December 2018
Interest-bearing deposits ¹	1,377	2,144
Loans and advances	2,450	2,870
Mandatory reserve deposits with central banks	1,245	284
Other	1,011	1,490
Subtotal	6,083	6,789
Less: loan impairment allowance	3	9
Loans and advances banks¹	6,080	6,780

¹ ABN AMRO has reclassified EUR 1.3 billion from loans and advances banks to cash and balances at central banks in the comparative figures of 2018. For additional information, please refer to note 1.

Loans and advances banks decreased by EUR 0.7 billion to EUR 6.1 billion at 30 June 2019. This decrease was mainly the result of a decrease in the interest-bearing deposits.

Interest-bearing deposits decreased by EUR 0.8 billion to EUR 1.4 billion at 30 June 2019, mainly as a result of a decrease in interbank deposits.

Loans and advances decreased by EUR 0.4 billion to EUR 2.5 billion at 30 June 2019.

The increased mandatory reserve deposits are held with local central banks in accordance with statutory requirements. These deposits are not available to finance the ABN AMRO's day-to-day operations.

Other loans decreased by EUR 0.5 billion to EUR 1.0 billion at 30 June 2019, mainly due to a decrease in discounted drafts without recourse for a group of clients.

13 Loans and advances customers

This item is comprised of loans and advances to non-banking clients.

(in millions)	30 June 2019	31 December 2018
Residential mortgages (excluding fair value adjustment)	148,145	148,791
Fair value adjustment from hedge accounting on residential mortgages	3,038	2,101
Residential mortgages, gross	151,183	150,892
Less: loan impairment allowances - residential mortgage loans	111	108
Residential mortgages	151,072	150,784
Consumer loans, gross	12,270	12,263
Less: loan impairment allowances - consumer loans	284	318
Consumer loans	11,986	11,945
Corporate loans	96,755	92,533
Fair value adjustment from hedge accounting on corporate loans	909	1,071
Financial lease receivables	5,470	5,112
Factoring	3,764	3,519
Corporate loans, gross¹	106,897	102,234
Less: loan impairment allowances - corporate loans	1,765	1,825
Corporate loans at amortised cost	105,132	100,408
Corporate loans at fair value through P&L	805	783
Corporate loans	105,937	101,191
Government and official institutions	1,476	1,371
Other loans	5,022	5,586
Fair value adjustment from hedge accounting on other loans	23	13
Other loans and advances customers, gross¹	6,522	6,970
Less: loan impairment allowances - other	7	9
Other loans at amortised cost	6,514	6,961
Other loans at fair value through P&L	5	5
Other loans and advances customers	6,520	6,966
Loans and advances customers	275,514	270,886

¹ Excluding loans at fair value through P&L.

Loans and advances customers increased by EUR 4.6 billion to EUR 275.5 billion at 30 June 2019, mainly due to an increase in corporate loans.

Residential mortgages (excluding fair value adjustment) decreased by EUR 0.6 billion to EUR 148.1 billion at 30 June 2019. The outflow resulting from mortgage redemptions and voluntary repayments exceeded the inflow of new residential mortgages.

Consumer loans (gross) remained stable, totalling EUR 12.3 billion at 30 June 2019.

Corporate loans (gross) increased by EUR 4.7 billion to EUR 106.9 billion at 30 June 2019, due to an increase in financing for clients with term loan agreements and an increase in cash positions for trading customers.

Other loans and advances customers decreased by EUR 0.4 billion to EUR 6.5 billion at 30 June 2019.

14 Acquisitions and divestments

(in millions)	30 June 2019		30 June 2018	
	Acquisitions	Divestments	Acquisitions	Divestments
Assets and liabilities of acquisitions and divestments				
Cash and balances at central banks	521			
Financial investments	76			-33
Loans and advances banks	123			-24
Loans and advances customers	519			-10
Equity accounted investments	100		46	
Property and equipment	8			
Goodwill and other intangible assets	19			
Other assets	-90	-64		-1
Due to banks	-5			
Due to customers	-1,144			
Provisions	-1	-6		54
Tax liabilities	-5			
Other liabilities	-23	44		14
Net assets acquired/Net assets divested	100	-26	46	
Result on divestments, gross		128		8
Cash used for acquisitions/received from divestments:				
Total purchase consideration/Proceeds from sale	-100	154	-46	8
Cash and cash equivalents acquired/divested	531			-23
Cash used for acquisitions/received from divestments	432	154	-46	-15

On 28 February 2019 ABN AMRO completed the acquisition of Societe Generale Private Banking N.V., the private banking subsidiary of Societe Generale in Belgium. By acquiring 100% of the shares, ABN AMRO strengthened its market position in Belgium and its position in the Eurozone as a leading private bank.

The purchase includes a total amount of EUR 1.3 billion in assets and EUR 1.2 billion in liabilities which is considered to be the fair value at acquisition date. In addition, ABN AMRO paid a purchase premium of EUR 47 million, which includes EUR 19 million for the obtained client relationships. As of 30 June 2019, the preliminary amount of goodwill originating from the transaction amounted to EUR 28 million, based on synergies expected from integrating the private banking activities of Societe Generale in Belgium with those of ABN AMRO. The purchased private banking activities did not contribute significantly to ABN AMRO's income statement for the first half of 2019; the contributions of the purchased activities to the net income of ABN AMRO are therefore not reported separately.

The divestments relate to the divestment of 75% of the shares in Stater N.V., which was completed on 23 May 2019. The remaining 25% of the shares are reported as an associate.

15 Due to banks

This item comprises amounts due to banking institutions, including central banks and multilateral development banks.

(in millions)	30 June 2019	31 December 2018
Deposits from banks:		
Current accounts	2,008	1,670
Demand deposits	49	18
Time deposits	13,810	11,254
Cash collateral on securities lent	635	478
Other	9	16
Total due to banks	16,511	13,437

The total amount due to banks increased by EUR 3.1 billion to EUR 16.5 billion at 30 June 2019 (31 December 2018: EUR 13.4 billion). This increase was mainly attributable to a EUR 2.6 billion increase in time deposits, which was driven by money market deposits by central banks in USD.

Current accounts increased by EUR 0.3 billion to EUR 2.0 billion at 30 June 2019, mainly due to positions of international credit institutions.

Cash collateral on securities lent increased by EUR 0.2 billion to EUR 0.6 billion at 30 June 2019, mainly as a result of higher cash collateral related to an increase in derivatives with several central banks and credit institutions.

16 Due to customers

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

(in millions)	30 June 2019	31 December 2018
Current accounts	88,064	84,192
Demand deposits ¹	127,017	126,013
Time deposits ¹	26,654	25,109
Other	1,010	810
Total due to customers	242,745	236,123

¹ ABN AMRO has reclassified EUR 2.0 billion from time deposits to demand deposits in the comparative figures of 2018. For additional information, please refer to note 1.

Due to customers increased by EUR 6.6 billion to EUR 242.7 billion at 30 June 2019, mainly as a result of the increase in current account deposits (EUR 3.9 billion) and time deposits (EUR 1.5 billion).

Current accounts increased by EUR 3.9 billion to EUR 88.1 billion at 30 June 2019, mainly due to an inflow of clients and the acquisition of Societe Generale Private Banking N.V. in Belgium.

Demand deposits increased by EUR 1.0 billion to EUR 127.0 billion at 30 June 2019, mostly due to higher additions to customer deposits.

Time deposits increased by EUR 1.5 billion to EUR 26.7 billion at 30 June 2019, due to an increase in time deposits from several large counterparties.

Other increased by EUR 0.2 billion to EUR 1.0 billion at 30 June 2019, mainly due to an increase of cash collateral in Corporate & Institutional Banking.

17 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding at 30 June 2019 and 31 December 2018 respectively.

(in millions)	30 June 2019	31 December 2018
Bonds and notes issued	63,115	63,932
Certificates of deposit and commercial paper	10,834	15,801
Saving certificates		6
Total at amortised cost	73,949	79,739
Designated at fair value through profit or loss	1,037	1,045
Total issued debt	74,986	80,784
- of which matures within one year	20,896	27,181

Total issued debt decreased by EUR 5.8 billion to EUR 75.0 billion at 30 June 2019. This decrease was mainly driven by the maturing of Euro Commercial Paper and Certificates of Deposit and is within our targeted bandwidth for short-term funding.

Subordinated liabilities

The following table shows the outstanding subordinated liabilities issued by ABN AMRO and the amounts outstanding at 30 June 2019 and 31 December 2018 respectively.

(in millions)	30 June 2019	31 December 2018
Subordinated liabilities	9,958	9,805

No perpetual loans were recorded at reporting date.

The issued and outstanding loans qualifying as subordinated liabilities were subordinated to all other current and future liabilities.

18 Provisions

The following table shows a breakdown of provisions at 30 June 2019 and 31 December 2018 respectively.

(in millions)	30 June 2019	31 December 2018
Insurance fund liabilities	9	11
Provision for pension commitments	65	66
Restructuring provision	213	294
Other staff provision	114	117
Legal provisions	334	475
Credit commitments provisions	75	63
Other provisions	264	178
Total provisions	1,075	1,204

Total provisions decreased by EUR 0.1 billion to EUR 1.1 billion at 30 June 2019, compared with EUR 1.2 billion at 31 December 2018. This was mainly due to decreases in the restructuring provisions (EUR 0.1 billion) and the legal provisions (EUR 0.1 billion), which were partly offset by an increase in other provisions (EUR 0.1 billion), mainly due to the customer due diligence (CDD) programme.

Legal provisions

Legal provisions decreased by EUR 0.1 billion to EUR 0.3 billion at 30 June 2019, compared with EUR 0.5 billion at 31 December 2018. This is mainly attributable to outflows of the provision related to interest rate derivatives sold to SME clients.

Interest rate derivatives for SME clients

In 2015 ABN AMRO started a review, at the request of both the Netherlands Authority for the Financial Markets (AFM) and the Dutch Ministry of Finance, to determine whether the bank had acted in accordance with its duty of care obligations in respect of the sale of interest rate derivatives to SME clients. In the second quarter of 2015, ABN AMRO first recognised a provision for compensating clients who had been disadvantaged in this respect and suffered losses or damage.

ABN AMRO has set up its own client reassessment process and the related checks and balances with respect to the Uniform Recovery Framework devised by a committee of independent experts ('the Committee') appointed by the Dutch Minister of Finance. At the end of the second quarter of 2019, all but 17 clients had received a letter containing the outcome of the reassessment. At various points in the process, the reassessments will be checked by an independent external file reviewer (in ABN AMRO's case audit firm PwC) and will be supervised by the AFM. The total provision per 30 June 2019 amounted to EUR 0.1 billion. The decrease of EUR 0.1 billion compared with 31 December 2018 is the result of payments made to clients and related project costs.

Euribor-based mortgages

ABN AMRO has sold mortgage loans with floating, often Euribor-based, interest rates to consumers. These rates include a margin charge. Under the applicable terms and conditions, ABN AMRO has the right to unilaterally adjust the margin charge. ABN AMRO's decision to increase the margin charge in 2012 resulted in two class actions, on top of multiple individual cases, being instigated. The central question in these cases is whether ABN AMRO's right in the terms and conditions to unilaterally adjust the margin charge is an unfair contractual clause. After losing the class action in two instances, ABN AMRO decided to appeal at the Dutch Supreme Court. The Procurators General (PG) of the Supreme Court issued their advice on 5 April 2019. The Supreme Court was expected to issue a verdict on 5 July 2019, but this has been postponed to 4 October 2019. ABN AMRO has recognised a provision for this matter.

ICS Redress scheme

International Card Services B.V. (ICS), the credit card business of ABN AMRO, has identified certain issues from its past in respect of the granting of credit to consumers, as a result of which certain clients have been provided with loans above their lending capacity. This was reported to the AFM. In March 2017, ICS has drafted a redress scheme setting out remedial measures for clients who have been affected and including financial compensation for certain clients. The recovery framework has been executed and is expected to be finalised by the end of 2019. ABN AMRO has recognised a provision for this redress scheme.

Other provisions

Other provisions increased by EUR 0.1 billion to EUR 0.3 billion at 30 June 2019, compared with EUR 0.2 billion at 31 December 2018. This increase is related to the CDD programme.

Customer Due Diligence

After our announcement at Q4 2018 on detecting financial crime, we centralised and bolstered our CDD activities. Last year, we announced that we were developing programmes for International Card Services and Commercial Banking to accelerate remediation actions. The programmes have been shared with DNB and we have committed to implementing them. Recently, DNB determined that we are to review all our retail clients in the Netherlands. Consequently, we will undertake further measures and extend our CDD remediation programme, for which we made an additional provision

of EUR 114 million in the first half of 2019. This amount is based on, among other things, the total number of files, the time needed to review each file and the percentage of files that will be reviewed using external resources. In general, across the bank we will take all remedial actions necessary to ensure full compliance with legislation. Sanctions, such as an instruction, fines, may be imposed by the authorities. We have not made a provision for a possible fine as the amount cannot be estimated at this time.

19 Commitments and contingent liabilities

(in millions)	30 June 2019	31 December 2018
Committed credit facilities	57,625	61,166
Guarantees and other commitments:		
Guarantees granted	2,375	2,473
Irrevocable letters of credit	5,976	5,946
Recourse risks arising from discounted bills	7,559	6,822
Total guarantees and other commitments	15,910	15,241
Total	73,535	76,408

The total of committed credit facilities, guarantees and other commitments decreased by EUR 2.9 billion to EUR 73.5 billion at 30 June 2019 compared with EUR 76.4 billion at 31 December 2018. This was mainly the result of a decrease of EUR 3.5 billion in the committed credit facilities, partly offset by an increase of EUR 0.7 billion in the guarantees and other commitments.

The decrease in committed credit facilities is related to a lower volume of credit lines granted to government and official institutions, consumers and commercial clients of EUR 4.8 billion combined with a lower volume of outstanding credit offers (excluding residential mortgages) of EUR 0.1 billion, which was partly offset by a higher volume of outstanding credit offers on residential mortgages of EUR 1.1 billion and a higher volume of credit lines granted to credit institutions of EUR 0.2 billion.

Other contingencies

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in various jurisdictions. In presenting the Condensed consolidated Interim Financial Statement, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the income statement when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which expected cash outflow cannot be reasonably estimated or that are not more likely than not to lead to a cash outflow. Some of these matters may be regarded as a contingency.

Interest rate derivatives sold to SME clients

On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a panel of independent experts for advice on the reassessment of SME and middle-market interest rate derivatives. On 5 July 2016, the Uniform Recovery Framework prepared by this panel of independent experts was presented, and ABN AMRO has committed to this framework. The Uniform Recovery Framework was finalised on 19 December 2016. Due in part to the complexity of the reassessment, it was not feasible to propose a solution to the issuer's clients before the end of 2018. However, all but 17 clients had received an offer under the Uniform Recovery Framework by the end of H1 2019. As it is unclear how the Uniform Recovery Framework will impact pending and future litigation, this is considered a contingency and no provision is made. In this respect, reference is made to note 18 Provisions.

Cross liabilities

Section 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in Note 34 of the 2018 Condensed consolidated Annual Financial Statements, ABN AMRO was subject to a demerger with RBS N.V. in 2010.

Indemnity agreement with the Dutch State

On 1 April 2010 ABN AMRO signed an indemnity agreement with the Dutch State (currently represented by NLF) for a shortfall in capital above a certain amount related to specific assets and liabilities of RFS Holdings B.V. In July 2015, ABN AMRO was informed by NLF of a claim it had received from RBS relating to these assets and liabilities in RFS Holdings B.V. This gives NLF the right to file a claim with ABN AMRO. As at the publication date of these Condensed consolidated Interim Financial Statements, ABN AMRO is not aware that a claim will be filed by NLF. This situation could change in the future.

20 Share-based payment

Identified staff as defined by CRD IV receive variable compensation. As from 2019, the non-cash compensation in this plan qualifies as a cash settled share-based payment plan with impacts on compensation receivable for performance years from 2016 onwards. A performance award is granted for a certain performance year. This award is granted for 50% in cash and 50% in a non-cash award called a DR award (depository receipt award). The non-cash award vests for 30% two years after the performance year. The remaining 20% vests in three equal tranches over the third, fourth and fifth years following the performance year. Vesting conditions include a retention period until the non-cash award is settled and performance conditions until two years before settlement. Bad leaver conditions apply. At the end of the vesting period, participants receive the cash value of the five-day average of an ABN AMRO listed DR. If a participant requests DRs, the participant receives DRs after the Supervisory Board approves such a request.

As of the end of Q2 2019, the following non-cash awards exist, where each award represents the fair value of an ABN AMRO share as of the end of the quarter, taking into account a discount for the vesting conditions (expected dividends).

(In thousands in DRs)	30 June 2019
Outstanding at 1 January	
Granted on approval date	695
Granted during the year	292
Forfeited during the year	4
Paid out during the year cash	224
Paid out during the year DRs	9
Less: total paid out/forfeited	-237
Outstanding at end of period	750

On the date that the variable compensation plan was approved by the Supervisory Board, the DR awards for performance years 2016 and 2017 were granted as defined by IFRS 2. The DR awards granted during the year mainly relate to performance year 2018. DR awards forfeited during the year mainly relate to participants that left before the retention period had ended. The upfront DR awards for performance year 2016 became payable in the first quarter of 2019. The majority of the participants received cash. Only a few participants requested depository receipts. ABN AMRO purchased these depository receipts at the market and immediately delivered them to the participants involved.

21 Related parties

Parties related to ABN AMRO Bank include NLF and the Dutch State with significant influence, associates, pension funds, joint ventures, the Executive Board, the Executive Committee, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. ABN AMRO has applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27.

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

Loans and advances to the Executive Board, Executive Committee members and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. For further information, see note 36 of the Consolidated Annual Financial Statements 2018.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2019				
Assets	11	543		554
Liabilities	109	509		618
Guarantees given		15		15
Guarantees received				
Irrevocable facilities		54		54
First half 2019				
Income received	16	6		22
Expenses paid	4	4	146	154
31 December 2018				
Assets	10	493		503
Liabilities	39	481		519
Guarantees given		15		15
Guarantees received		2		2
Irrevocable facilities		22		22
First half 2018				
Income received	18	20		38
Expenses paid	5	3	144	153

Assets with associates increased by EUR 50 million at 30 June 2019 compared with 31 December 2018, mainly due to higher balances on current accounts with other financial corporations (EUR 29 million) and higher balances on loans and receivables with financial institutions (EUR 13 million).

Liabilities with associates increased by EUR 28 million at 30 June 2019 compared with 31 December 2018, mainly due to higher customer positions held by other financial corporations.

Liabilities with joint ventures increased by EUR 71 million at 30 June 2019 compared with 31 December 2018, mainly due to higher balances on demand deposits held by other financial corporations.

Expenses paid in the column Other reflect pension contributions paid to the ABN AMRO pension fund.

Balances with the Dutch State

(in millions)	30 June 2019	31 December 2018
Assets:		
Financial assets held for trading	809	183
Derivatives	584	714
Financial investments	5,007	4,704
Loans and advances customers	1,020	722
Other assets		9
Liabilities:		
Financial liabilities held for trading	547	53
Derivatives	1,481	1,362
Due to customers	813	832
Subordinated liabilities		
	First half 2019	First half 2018
Income statement:		
Interest income	46	60
Interest expense	21	18
Net trading income	-249	-2
Other income		19

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

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

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

Financial assets held for trading increased by EUR 0.6 billion at 30 June 2019 compared with 31 December 2018, mainly due to higher Dutch government bonds, as a result of primary dealership in the Netherlands and of client facilitation. Most of these contracts are hedged with short positions in government bonds.

Financial investments increased by EUR 0.3 billion at 30 June 2019 compared with 31 December 2018. This relates to regular purchases and sales of highly liquid government bonds.

Loans and advances customers increased by EUR 0.3 billion at 30 June 2019 compared with 31 December 2018 due to higher cash collateral pledged, as a result of an increase in financial liabilities held for trading.

Financial liabilities held for trading increased by EUR 0.5 billion at 30 June 2019 compared with 31 December 2018, mainly due to higher Dutch government bonds, as a result of primary dealership in the Netherlands and of client facilitation. Most of these contracts are hedged with short positions in government bonds.

Net interest income decreased by EUR 14 million at 30 June 2019 compared with 30 June 2018, mainly due to lower levels of financial investments.

Net trading income decreased by EUR 247 million at 30 June 2019 compared with 30 June 2018, due to trading results on sold Dutch government bonds.

22 Post balance sheet events

On 15 July 2019, ABN AMRO completed the sale of Channel Islands Limited. The transaction will not significantly impact profit or loss and equity. As a result of the sale of the Channel Islands private banking operations, assets under management decreased by EUR 7.4 billion and total assets decreased by EUR 433 million.

On 24 July 2019, Worldline S.A. informed ABN AMRO that it will exercise its call option to acquire the 7% shares in EquensWorldline held by ABN AMRO. The transaction is subject to regulatory approval and expected to close in the fourth quarter of 2019.

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of ABN AMRO Bank N.V., Amsterdam, which comprise the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

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

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 6 August 2019

Ernst & Young Accountants LLP

Signed by **W.J. Smit**

Enquiries

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Investor call

A conference call for analysts and investors will be hosted on Wednesday 7 August 2019 at 11:00 am CET (10:00 London time).

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

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

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

Disclaimer & cautionary statements

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

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

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