30 MAY 2012

ABN AMRO BANK N.V.

REGISTRATION DOCUMENT

CONTENTS

1. INTRODUCTION

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

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

This Registration Document was approved on 30 May 2012 by The Netherlands Authority for the Financial Markets (the "**AFM**") as the competent authority under the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht)* implementing the Prospectus Directive.

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

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

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

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

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

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

2. RISK FACTORS

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

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

1. Conditions in the global financial markets and economy may materially adversely affect the Issuer's business and profitability

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

Financial market tensions related to Eurozone sovereign debt concerns has led and may continue to lead to stress in sovereign and bank funding markets. Market conditions remain challenging and significant risks remain. As a result, there is a possibility that the Issuer, in common with other financial institutions, may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on the Issuer's business, financial position, results of operations and prospects. In addition, economic conditions remain challenging. The economy is therefore particularly vulnerable to a renewed rise in financial market tensions or a surge in oil prices, or some new economic shock, which could lead to a more severe economic downturn. At the European level, the flexibility of fiscal and monetary policy to alleviate the impact of these shocks is either limited or absent.

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

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

The securities and other financial markets have been experiencing a sustained period of high volatility, severe market dislocations and liquidity disruptions. Volatility and declines in financial markets can reduce unrealized gains in the Issuer's various portfolios or the demand for some of the Issuer's banking products.

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

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

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

3. Changes in interest rates and foreign exchange rates may adversely affect the Issuer's results

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

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

4. Markets may experience periods of high volatility accompanied by reduced liquidity, which may lead to market risk losses and adversely influence the Issuer's ability to hedge its risks effectively

Market volatility, illiquid market conditions and disruptions in the financial markets remain a risk that can negatively affect the Issuer's results of operations, prospects and financial position, inter alia, through a reduction in demand for products and services, a reduction in the value of assets held by the Issuer, a decline in the profitability of certain assets and a loss of liquidity in certain asset classes. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity.

Periods of high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters, or other similar events outside the Issuer's control. Volatility and declines in financial markets can reduce unrealised gains or increase unrealised losses in the Issuer's various portfolios. Under extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale. The Issuer's risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. Severe market events have historically been difficult to predict, however, and the Issuer could realise significant losses if extreme market events were to persist for an extended period of time.

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

Liquidity risk is the risk that actual (and potential) payments or collateral posting and other obligations cannot be met on a timely basis. The Issuer discerns two types of liquidity risk. Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that the bank cannot sell an asset without significantly affecting the market price due to (i) insufficient market depth (insufficient supply and demand), (ii) market disruption, (iii) changes in the applicable haircuts and market value or (iv) uncertainty about the time required to realise the liquidity value of the assets (see also risk factor 4 *Markets may experience periods of high volatility accompanied by reduced liquidity, which may lead to market risk losses and adversely influence the Issuer's ability to hedge its risks effectively above*).

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

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

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

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

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

6. Reductions in the Issuer's credit ratings could have a significant impact on the bank's borrowing and liquidity through reduced funding capacity and collateral triggers as well as adversely affect the Issuer's business operations

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

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

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

As a result, any reductions in the Issuer's credit ratings could have a negative impact on the Issuer's earnings, profitability, financial position, borrowing costs, ability to raise funding and competitive position.

7. The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business

The Issuer conducts its businesses subject to financial services laws and regulations, as well as other laws and regulations (including behavioural requirements), rules, stress testing exercises, corporate governance requirements and administrative actions and policies in some or all of the locations in which it operates. The Dutch Central Bank, (*De Nederlandsche Bank N.V.*, "**DNB**"), the AFM and other regulators in various jurisdictions may impose further restrictions and conditions on the Issuer. The timing and form of future changes in any laws, regulations or other rules, requirements, exercises, actions and policies or in the interpretation thereof, are unpredictable and beyond the Issuer's control, and any such changes made could materially adversely affect the Issuer's business, the products and services the Issuer offers or the value of its assets or extent of its liabilities.

Any changes in the tax laws of jurisdictions in which the Issuer operates which affect its products, could have a material adverse effect on its banking or other businesses and results of operations and financial position. This includes a possible bank tax levied by the Dutch State, a possible European financial transaction tax and a change in the financing of compensations under the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*) from ex post to ex ante. Furthermore, in the United States Foreign Account Tax Compliance Act ("**FATCA**"), enacted in March 2010, imposes a maximum of 30% withholding tax on all US source payments to a foreign financial institution (an "**FFI**"), unless the FFI concludes an FFI Agreement with the US tax authorities, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements. Although the exact impact of FATCA is still unclear, the Issuer expects that FATCA may have a considerable impact on client onboarding processes, client segmentation and client administration as well as on reporting systems.

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

As a financial company, certain reform proposals under consideration, including the proposals of the Basel Committee on Banking Supervision (the "**Basel Committee**") as set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**") and as implemented in the European Union through the Capital Requirements Directives and Capital Requirements Regulation known as "**CRD IV**", will, *inter alia*, result in the Issuer becoming subject to stricter capital requirements and may also affect the scope, coverage, or calculation of capital, all of which could require the Issuer to reduce business levels or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company. (see also risk factor *8. The Issuer's business performance could be adversely affected as a result of ineffective management of its capital and/or liquidity or changes to capital adequacy and liquidity requirements*" below).

The Dutch government has introduced a legislative proposal for a ban on referral fees relating to specific complex financial products or significant household financial decisions, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and to ensure that the interests of consumers and their advisors are aligned. Financial advisors will be required to provide transparency related to costs, terms of service and relations with relevant third parties. This ban is expected to come into effect in January 2013, and may adversely impact the Issuer's businesses and results of operations.

A new Mortgage Lending Code of Conduct for financial institutions regarding mortgages (*Gedragscode Hypothecaire Financieringen*) came into effect in August 2011. The new code includes a maximum mortgage loan of 104% of the property value plus the costs of stamp duty (currently 2%), leaving a total mortgage loan of 106% of the property value. Furthermore, the interest-only component of a mortgage loan may not exceed 50% of the value of the property. The rest should include some form of redemption or mortgage-linked savings/investment products. The Mortgage Lending Code of Conduct may adversely affect the Issuer's mortgage lending business.

In The Netherlands, subject to a number of conditions, mortgage loan interest payments are deductible from the income of the borrower for income tax purposes. The period for permitted deductibility is restricted to a term of 30 years and deductibility only applies to mortgage loans secured by owner occupied properties. It is however uncertain if and to what extent such deductibility will remain in force and for how long. Should there be a change to the possibility of the deductibility of interest payments, this may amongst other things have an effect on the house prices and the rate of recovery and, depending on the changes in treatment of existing mortgage loans, may result in an increase of defaults, prepayments and repayments.

The Mortgage Lending Code of Conduct and the possible abolishment of tax deductibility as mentioned above may have a particular impact on the Issuer's mortgage business (see also risk factor *11. The Issuer's businesses are primarily located in The Netherlands* below).

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

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

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

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

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up of additional capital buffers in good times that can be drawn upon in periods of stress, strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio (See Sections 6.4.3 (*Basel III/CRDIV*) and 6.5 (*Liquidity Management & Funding*) and the press release incorporated by reference as set out in paragraph (g) in Section 3 (*Incorporation by Reference*) for information on the Issuer's capital and liquidity position under Basel III rules know as at 31 December 2011 respectively 31 March 2012).

The Basel III Final Recommendations are being discussed in the European Parliament and Council, and are being proposed as further revisions to the Capital Requirements Directives, known as CRD IV. The newly issued CRD IV is scheduled to enter into force as of 1 January 2013 and will replace its predecessor capital requirements directives (CRD I, II and III). There can be no assurance, however, that prior to the proposed implementation of the Basel III Final Recommendations from 1 January 2013, the Basel Committee will not amend the Basel III Final Recommendations. Further, the European Union and/or authorities in The Netherlands may implement the Basel III Final Recommendations in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

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

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

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

The Dutch legislator is in the process of adopting newly proposed banking legislation dealing with ailing banks (the "**Dutch Proposal**"). Meanwhile, the European Commission launched a consultation on a comprehensive framework for dealing with ailing banks (the "**EU Proposal**") which contains a number of legislative proposals similar to the Dutch Proposal. The Dutch Proposal is proposed to have retroactive effect as of 20 January 2012. Under the Dutch Proposal, substantial new powers would be granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency. The Dutch Proposal aims to empower DNB or the Minister of Finance, as applicable, to commence proceedings leading to: (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a "bridge bank"; and (iii) public ownership (nationalization) of the relevant bank. Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by DNB or the Minister of Finance, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

The EU proposal includes a discussion of possible proposals to give regulators resolution powers to write down debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern subject to appropriate restructuring. It is currently unclear whether measures ultimately adopted in this area will apply to any debt currently in issue, or whether certain grandfathering rules will apply.

It is at this stage uncertain if the Dutch proposal and/or the EU Proposal will be adopted and if so, when and in what form. However, if the Dutch Proposal and/or the EU Proposal were to be adopted in their current form, this could negatively affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debts instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could, amongst other things, increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial position and results of operation.

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

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

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

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

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

11. The Issuer's businesses are primarily located in The Netherlands

Most of the Issuer's operations and assets are located in The Netherlands. Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in The Netherlands, particularly those which impact the mortgage market (in relation to exposures to the mortgage market, please also see risk factor *12. The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results below*). Accordingly, deterioration or long-term persistence of the difficult economic environment in The Netherlands could have a negative effect on the Issuer's results of operations and financial position.

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

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

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

The above factors may lead to material losses for the Issuer and may have an adverse effect on the Issuer's results.

13. Increases in the Issuer's allowances for loan losses may have an adverse effect on the Issuer's results

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

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

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

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

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

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

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

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

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

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

These, and other possible changes to IFRS, could materially adversely affect the Issuer's results of operations and/or financial position.

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

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

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

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

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

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

In addition, the Issuer is subject to potential changes in reporting standards set for pension obligations. (see risk factor *17. The Issuer is subject to changes in financial reporting standards* above). These changes could materially adversely affect the Issuer's financial position.

20. The Issuer is subject to legal risk, which may have an adverse impact on the Issuer's results

In the ordinary course of business the Issuer is involved in a number of legal proceedings. The Issuer's business is subject to the risk of litigation by customers, borrowers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. It is inherently difficult to predict or quantify the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Issuer and its businesses. The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. (See also risk factor 20 "*Reputational Risk*" below). As a result, litigation may adversely affect the Issuer's business.

In presenting the consolidated financial statements, management may make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Changes in estimates may have an adverse effect on the Issuer's results.

21. The Issuer is subject to reputational risk

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

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

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

The financial industry has implemented new rules and regulations on remuneration policies such as included in the changes to Capital Requirements Directives known as CRD III, the "*Code Banken*" and the Committee of European Banking Supervisors (CEBS) guidelines on remuneration policies and practices.

The Dutch legislator is in the process of adopting a legislative proposal to further restrict or prohibit variable remuneration of various staff functions for state supported banks. Due to the fact that the Issuer currently is a state-owned bank, these may also apply to the Issuer. This may affect our ability to attract staff with the required skills.

The financial industry may experience additional regulation of employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees.

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

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

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

ABN AMRO Group N.V. may revoke the 403 Declaration at any time.

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

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

As a result of the Legal Demerger and the Legal Separation, the Issuer and RBS N.V. will remain interdependent with respect to certain business areas, for which they will need to provide certain services to each other during a defined period. Furthermore, as a result of the EC Remedy there are remaining interdependencies between Deutsche Bank Nederland N.V. and the Issuer, including an obligation for the Issuer to continue to provide certain services to Deutsche Bank Nederland N.V. during a defined period.

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

The liability of the Issuer is limited to the amount of equity acquired at the Legal Demerger, which amounts to EUR 1.8 billion. The liability of RBS N.V. is limited to the equity retained at the Legal Demerger, amounting to EUR 4.0 billion.

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

In addition, the Issuer is subject to several risks, including financial, liquidity, operational, legal, compliance, and reputational risk as a result of the Legal Demerger, Legal Separation, EC Remedy and Legal Merger (see for instance Section 7.1 (Legal and arbitration proceedings(i) and (ii)). Risks have been identified and managed from the start of these processes and risk tolerance levels have been set. However, risk exposure increases as a result of a demerger, separation or merger process and the Issuer may be exposed to large, unexpected events.

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

25. Termination of Dutch State Ownership of the Issuer

In its letter of 24 January 2011, the Dutch State has announced that it does not expect to dispose of its stake in ABN AMRO Group N.V. any earlier than 2014. While it considers all strategic and financial options on the form of such disposal, the Dutch State favours an initial public offering.

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

26. The Issuer may fail to realise the anticipated business growth opportunities, synergies and other benefits anticipated from the Legal Merger and the subsequent integration process, which could result in a material adverse effect on its results of operations, financial position and prospects

There is no assurance that the Legal Merger and the subsequent integration process will achieve the anticipated business growth opportunities, synergies and other potential benefits. The integration is subject to a number of additional risks, including: difficulties or unexpected costs relating to the integration of technology platforms, financial and accounting systems, risk management systems and management systems of two organizations; difficulties in achieving anticipated cost savings; and the unexpected losses of key personnel during or following the integration of the two businesses.

In addition, there can be no assurance that the total costs associated with the implementation of the integration currently anticipated by the Issuer will not be exceeded.

If any of the above risks should occur, or if there are unexpected challenges in the integration process, this could have an adverse affect on the Issuer's results of operations or financial position.

27. The European Commission has imposed certain conditions on the Issuer that could adversely affect the Issuers' business and results of operations

The European Commission has imposed certain conditions in order to approve the support package and restructuring plan for ABN AMRO Group that restrict the Issuer from conducting certain activities. Examples are a ban on acquisitions, price leadership conditions and other restrictions (see also Section 7.2 European Commission State Aid Investigation).

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

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

3. INCORPORATION BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Registration Document and have been approved by or filed with the AFM, shall be deemed to be incorporated in, and to form part of, this Registration Document; this Registration Document should be read and construed in conjunction with such documents:

(a) the articles of association of the Issuer;

(b) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated financial statements as set out on pages 156 to 272, pages 76 to 109 (certain information in Chapter 8 (*Risk management*)), pages 118 to 131 (certain information in Chapter 10 (*Liquidity and funding*)), the auditors' report thereon on pages 273 and 274, and the Section "*Notes to the reader*" in the inside cover, all as included in ABN AMRO Group N.V.'s Annual Report 2011) (the "**Annual Financial Statements 2011**");

(c) Chapter 8 (*Risk management*), Chapter 9 (*Capital management*) and Chapter 10 (*Liquidity and funding*) and Chapter 11 (*Integration*) on pages 76 to 134 and Chapter 20 (*Definitions of important terms*) and Chapter 21 (*Abbreviations*) on pages 288 to 293 of ABN AMRO Group N.V.'s Annual Report 2011;

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

(e) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2010 (as set out on pages 131 to 137 in relation to the financial statements 2010, including the notes thereto as set out on pages 138 to 257, pages 62 to 97 (certain information in Chapter 7 (*Risk management*)), the auditors' report thereon on pages 258 and 259, and the Section "*Important notes to the reader*" in the inside cover, all as included in ABN AMRO Group N.V.'s Annual Report 2010) (the "**Annual Financial Statements 2010**");

(f) the Issuer's publicly available unaudited abbreviated financial statements 2010 for the financial year ended 31 December 2010 (including the notes to the financial statements) prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*); and

(g) The press release dated 16 May 2012 titled "ABN AMRO reports first-quarter 2012 underlying profit of EUR 486 million".

Certain information in Chapter 8 and Chapter 10 of ABN AMRO Group N.V.'s Annual Report 2011 has been audited. Other disclosures are unaudited and labelled with an asterix therein. The financial information in the other Chapters of ABN AMRO Group N.V.'s Annual Report 2011 incorporated by reference as set out in paragraph (c) above has not been audited. The information in the press release incorporated by reference as set out in paragraph (g) above has not been audited. The statement in the last paragraph on page 2 of the press release incorporated by reference as set out in paragraph (g) above, relating to ABN AMRO's market share in new mortgage production, is based on the Dutch land registry (*kadaster*).

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

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

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

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

4. DEFINITIONS OF IMPORTANT TERMS

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

"**ABN AMRO Bank**" or "**Issuer**" refers to ABN AMRO Bank N.V. (formerly known as "ABN AMRO II N.V.").

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

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

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

"**Annual Financial Statements 2010**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2010 (as set out on pages 131 to 137 in relation to the financial statements 2010, including the notes thereto as set out on pages 138 to 257 and pages 62 to 97 (certain information in Chapter 7 (*Risk management*)), the auditors' report thereon on pages 258 and 259, and the Section "*Important notes to the reader*" in the inside cover, all as included in ABN AMRO Group N.V.'s Annual Report 2010).

"**Annual Financial Statements 2011**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated financial statements as set out on pages 156 to 272 and pages 76 to 105 (certain information in Chapter 8 (*Risk management*)), pages 118 to 131 (certain information in Chapter 10 (*Liquidity and funding*)), the auditors' report on pages 273 and 274, and the Section "*Notes to the reader*" in the inside cover, all as included in ABN AMRO Group N.V.'s Annual Report 2011).

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

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

"**Dutch State**" refers to the State of The Netherlands.

"**Dutch State-acquired businesses**" refers to the businesses of ABN AMRO Holding acquired by the Dutch State.

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

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

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

"**Former ABN AMRO Bank N.V**." refers to the entity which was part of the Former ABN AMRO group, which was renamed after the Legal Separation "RBS N.V." and is part of The Royal Bank of Scotland Group plc ("**RBS Group** ") since the Legal Separation.

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

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

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

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

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

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

5. DESCRIPTION OF ABN AMRO BANK N.V.

5.1 Incorporation

The legal name of the Issuer is ABN AMRO Bank N.V. and its commercial name is ABN AMRO. The Issuer is a public limited liability company (*naamloze vennootschap*) incorporated under Dutch law on 9 April 2009. The Issuer's corporate seat (*statutaire zetel*) is in Amsterdam, The Netherlands, its registered office is Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and its mailing address is Post Office Box 283, 1000 EA Amsterdam, The Netherlands. The Issuer's telephone number is +31 (0)20 628 9393. The Issuer is registered in the Commercial Register of the Amsterdam Chamber of Commerce (*Handelsregister van de Kamer van Koophandel en Fabrieken voor Amsterdam*) under number 34334259.

5.2 Corporate objectives

The Issuer's objectives are (according to its articles of association (*statuten*)):

a. to be a financial institution, to render investment services and to engage in investment activities, to administer the assets of third parties, to act as trustee, administrator and executor of wills and as a member of the managing or supervisory boards or liquidator of companies or other organisations, to act as an intermediary in respect of insurances, as well as to engage in all transactions, activities and services which may relate or be conducive thereto, all in the widest sense;

b. to participate in, co-operate with, finance, administer and manage financial and other enterprises and companies, to guarantee or otherwise support or furnish security for any indebtedness or performance of any contract or obligation of other enterprises and companies which are part of the group of the company, render services to and perform staff positions for any such enterprises and companies, as well as to engage in all transactions, activities and services which may relate or be conducive to the above; and

c. to foster the direct and indirect interests of all involved in the company, in whatever way, and to safeguard the continuity of the company and of the enterprise(s) associated therewith.

5.3. History and recent developments

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

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank Standalone was formally separated from the Former ABN AMRO group and transferred to ABN AMRO Group

N.V. by 1 April 2010. Concurrently with the separation of ABN AMRO Bank Standalone, FBN was separated from Fortis Bank SA/NV and, effective 1 July 2010, subsequently merged into ABN AMRO Bank Standalone to form the new ABN AMRO Bank N.V., a wholly-owned subsidiary of ABN AMRO Group N.V.

EC Remedy

On 1 April 2010, ABN AMRO Bank Standalone completed the sale of the EC Remedy Businesses. This was a precondition set by the European Commission for the integration of ABN AMRO Bank Standalone and FBN. The operational separation of the EC Remedy Businesses is expected to be finalised in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included a financial guarantee (the Credit Umbrella) that covers part of the potential credit losses on the portfolio existing at the time of the closing of the transaction and a cross liability with New HBU II N.V.

State Ownership

The Dutch State has announced that, in relation to ABN AMRO, the exit of its ownership is not expected before 2014. The Dutch State keeps all options open for a return to the private market for ABN AMRO, but has indicated it favours an Initial Public Offering (IPO).

5.4 Summarised description of the Issuer following the Legal Merger

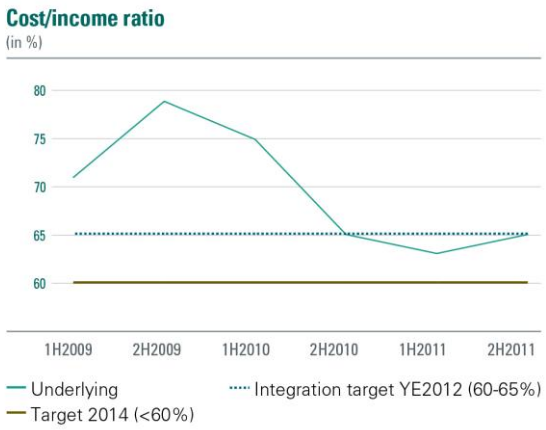
Summarised description of the Issuer

ABN AMRO is an all-round bank, servicing retail, private banking and commercial banking clients in The Netherlands and selectively abroad. In addition to its strong position in The Netherlands, ABN AMRO is active in a number of specialised activities such as Energy, Commodities & Transportation and Clearing and in private banking in a select number of countries. To create sustainable value for its stakeholders, i.e. clients, shareholders, employees and society at large, ABN AMRO is concentrating on the following strategic themes: focusing on the client, selectively growing its business, maintaining a moderate risk profile, controlling costs while achieving healthy returns, embedding sustainability bank-wide, and promoting a strong, client-driven culture.

Financial Objectives

Financial ambition

ABN AMRO intends to solidify its financial position in the years ahead by focusing on enhancing efficiency and achieving healthy and stable returns. Managing costs is an important element in meeting financial targets. A controlled approach is taken by first implementing cost control measures before phasing-in cost reductions. ABN AMRO's goal is to reduce the cost/income ratio to below 60% in 2014 and to keep it below this figure on a structural basis.

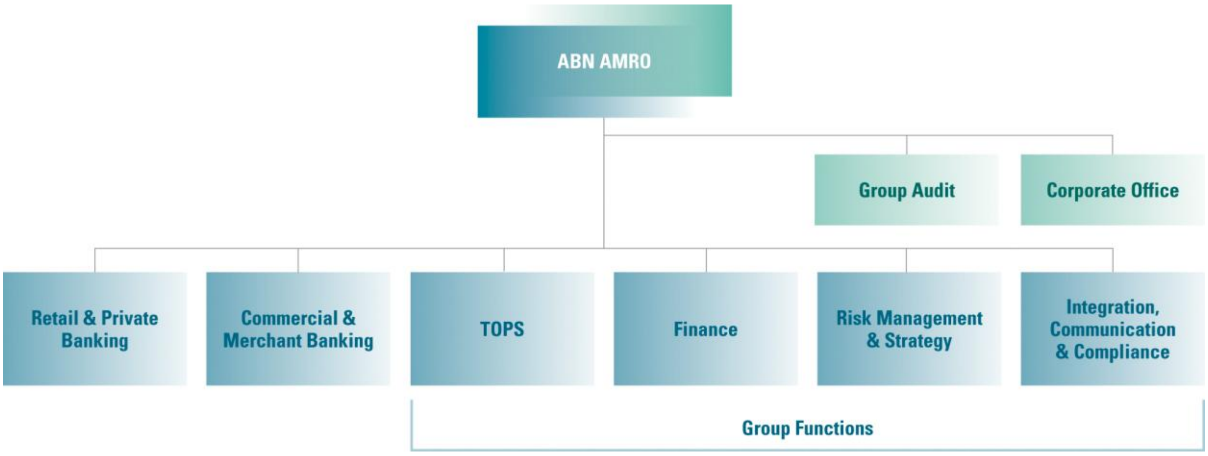


In the run-up to 2014, the targeted cost/income ratio following completion of the integration in 2012 is between 60% and 65%. ABN AMRO aims to achieve this interim target in part by realising annual pre-tax integration synergies of EUR 1.1 billion as from 2013.

At this point, ABN AMRO is on schedule and within the EUR 1.6 billion budget earmarked for the integration process. The large-scale and complex technical migrations were completed ahead of schedule, with the migration of almost all of ABN AMRO's corporate and private banking clients to a single IT platform in November 2011.

5.5 Business Description

ABN AMRO is organised into *Retail & Private Banking* ("**R&PB**"), *Commercial & Merchant Banking* ("**C&MB**") and Group Functions. Each member of the Managing Board is responsible for either a business segment or a support unit within Group Functions. The Chairman of the Managing Board oversees the general management of ABN AMRO and is responsible for Group Audit and the Corporate Office, as shown in the diagram below.



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

- Retail Banking;
- Private Banking;
- Commercial Banking;

- Merchant Banking;
- Group Functions.

A. RETAIL & PRIVATE BANKING

Business scope

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

A.1 RETAIL BANKING

Business scope and clients

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

Retail Banking continued to improve service delivery to clients in 2011 by increasing its efficiency through continuous improvement of processes. The bank closed down almost 40 retail branches in 2011, with virtually no impact on the level of service to clients.

Main subsidiaries

The following subsidiaries[2] of ABN AMRO Bank are related to Retail Banking

ABN AMRO Hypotheken Groep

ABN AMRO Hypotheken Groep B.V. ("**AAHG**") is the supplier of all ABN AMRO-labelled residential mortgage products and is the legal and economic owner of the residential mortgage portfolios of its Florius brand.

Direktbank

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

MoneYou

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

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

2 Unless explicitly indicated otherwise, all subsidiaries are 100% wholly-owned by ABN AMRO.

Alfam

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

International Card Services

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

ABN AMRO Verzekeringen

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

A.2 PRIVATE BANKING

Business scope and clients

Private Banking provides total solutions to its clients' global wealth management needs and offers an array of products and services designed to address their individual situation. Private Banking operates under the brand name ABN AMRO MeesPierson in The Netherlands and internationally under ABN AMRO Private Banking and local brands such as Banque Neuflize OBC in France and Bethmann Bank in Germany. The International Diamond & Jewelry Group, a global market player in offering financial services to the diamond and jewellery industry, is part of Private Banking International.

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

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

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

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

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

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

Focus and commitment

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

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

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

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

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

International Diamond & Jewelry Group

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

ID&JG operations in Hong Kong, Japan and UAE were separated from RBS and integrated into the ABN AMRO systems in 2011, while continuing to deliver positive results. The final separation – in India – is planned for 2012. ID&JG currently represents 4% of the operating income of private banking.

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

Main subsidiaries

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

Private Banking

Banque Neuflize OBC

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

Neuflize OBC Investissements

Neuflize OBC Investissements is a wholly-owned subsidiary of Banque Neuflize OBC. It delivers local discretionary portfolio management as well as a range of open-ended funds covering various asset classes.

Neuflize Private Assets

Neuflize Private Assets is an asset manager specialising in US and European equities with a flexible and opportunistic approach.

Neuflize Vie

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

Bethmann

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

B. COMMERCIAL & MERCHANT BANKING

Business scope and clients

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

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[4] Unless explicitly indicated otherwise, all subsidiaries are 100% wholly-owned by ABN AMRO.

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

B.1 COMMERCIAL BANKING

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

Business Banking

Business Banking offers small and medium-sized businesses with turnover up to EUR 30 million a comprehensive range of standard and customised products, self-directed YourBusiness Banking, a nationwide network of 78 business offices and access to ABN AMRO's international network. Dedicated client support units provide day-to-day services.

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

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

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

Corporate Clients

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

Clients are served from five regions in The Netherlands, each providing a full range of services and offering in-depth expertise in 11 key sectors of the Dutch economy. Each client is assigned a dedicated client team, consisting of a relationship manager and a shared team of specialists in various product areas such as cash management and credits. Clients also have access to a dedicated support unit for their day-to-day banking affairs.

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

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

In cooperation with Private Banking, Corporate Clients offers the Enterprise & Entrepreneur service to entrepreneurs who are clients of the bank both as private individuals and as representatives of their companies.

Commercial Banking International

Corporate Clients has been restoring and expanding its Commercial Banking International network in selected key markets in Western Europe, the United States, Hong Kong and Singapore in an effort to meet the needs of Dutch clients with international activities. Agreements with partner banks have been set up in other locations to serve clients elsewhere.

Main subsidiaries

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

ABN AMRO Lease

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

As the second largest leasing company in The Netherlands[6] , ABN AMRO Lease posted growth in 2011 thanks to its client-focused strategy. In 2011, ABN AMRO Lease launched a lease financing programme designed specifically for start-ups in The Netherlands.

ABN AMRO Commercial Finance

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[5] Unless explicitly indicated otherwise, all subsidiaries are 100% wholly-owned by ABN AMRO.

6 Source: Nederlandse Vereniging van Leasemaatschappijen.

ABN AMRO Commercial Finance ("**ACF**") offers receivables financing and asset-based lending. Its present client portfolio comprises a wide range of clients. ACF historically has built up a substantial market share in the local markets where it is active: The Netherlands, France, Germany and the United Kingdom. In 2011 the Dutch operations of Fortis Commercial Finance were carved out of the rest of the activities, which were sold to BNP Paribas. The Dutch business has been rebranded to ABN AMRO Commercial Finance and has been integrated into the former IFN Finance organisations in Germany, France and the United Kingdom. The German and French businesses were already rebranded to ABN AMRO Commercial Finance and the operations in the United Kingdom followed in February 2012. ABN AMRO Commercial Finance continued to pursue its strategy of focusing on receivables financing and asset-based lending in Western Europe and aligning its product portfolio and services across regions. Its asset-based approach allows it to provide additional liquidity for growth scenarios and acquisitions initiated by clients.

ABN AMRO Groenbank

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

B.2 MERCHANT BANKING

Business scope and clients

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

Large Corporates & Merchant Banking

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

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

- M&A advice and equity capital market solutions.

Large Corporates & Financial Sponsors

Corporates based in The Netherlands with turnover exceeding EUR 500 million are offered strategic relationship management by sector coverage teams supported by product teams and credit specialists. The financial sponsor team maintains and continuously develops strategic relationships with a select group of professional private equity funds supported by primarily acquisition and leveraged finance and corporate finance and capital market specialists.

Financial Institutions

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

Real Estate Finance

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

Energy, Commodities & Transportation

ECT clients are international mid-sized to large corporates active in energy (oil and gas industry and offshore services), commodities (trading companies active in energy, agricultural and metals commodities) and transportation (shipping and intermodal). ECT has an established presence in 12 locations around the world, in the three main time zones: Asia, Europe and the Americas. Offices were recently established in São Paulo and Dallas and an office has recently been opened in Shanghai. ECT specialises in bilateral and syndicated facilities and trade & commodities finance. Its debt solutions offering follows the ECT client base abroad.

Private Equity

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

Markets

Markets serves a broad client base, ranging from corporates and financial institutions to retail and private banking clients. Its product portfolio includes foreign exchange, money market, bonds, equities, (interest rate) derivatives and structured products. Markets also offers its clients online services via ABN AMRO I-Markets. In The Netherlands, Markets has sales and trading activities in Amsterdam and desks in five locations throughout the country.

Outside The Netherlands, its main sales and trading activities are based in Hong Kong, Frankfurt, London and New York.

ECT, Markets and ABN AMRO Clearing offer ECT clients a one-stop shop for financing, brokerage and clearing of commodities for the hedging of price volatility. They execute and clear futures and help finance margin obligations.

In addition to the product offering, Markets has two global businesses: Securities Financing and ABN AMRO Clearing.

Securities Financing

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

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

Main Subsidaries

The following subsidiaries[7] of ABN AMRO Bank are related to Merchant Banking:

ABN AMRO Clearing

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

ABN AMRO Clearing operates from 12 locations across the globe and offers an integrated package of direct market access, clearing and custody services covering futures, options, equity, commodities, energy and fixed income. The ABN AMRO Clearing operating model is self-supporting, where possible. ABN AMRO Clearing operations are carried out via ABN AMRO Clearing Bank N.V., which has a banking licence and is regulated and supervised by DNB.

Maas Capital Investments

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

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[7] Unless explicitly indicated otherwise, all subsidiaries are 100% wholly-owned by ABN AMRO.

C. GROUP FUNCTIONS

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

Technology, Operations & Property Services

Technology, Operations & Property Services ("**TOPS**") supports the business by providing services in the areas of IT (software and hardware), project management, operations and property management and housing. TOPS also coordinates the integration activities of ABN AMRO and is responsible for the relocation of businesses, subsequent re-use of rental buildings and future business development.

Finance

Finance is the primary supplier of management and reporting information to ABN AMRO's businesses and to external stakeholders. Finance plays an independent role in delivering management information and challenging business decisions. It provides a financial control environment and ensures compliance with accounting standards and requirements set by the regulatory authorities. Finance includes ALM/Treasury ("**ALM/T**"), which also has a reporting line to RM&S.

Risk Management & Strategy

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

Integration, Communication & Compliance

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

5.6 Capital or equivalent

The Issuer's authorised capital amounts to EUR 2,000,000,000 (two billion euro) and is divided into 2,000,000,000 (two billion) ordinary shares of EUR 1 (one euro) each. The issued and paid capital amounts to EUR 800,000,000 (eight hundred million euro).

5.7 Main shareholder, group and control

Shareholder

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

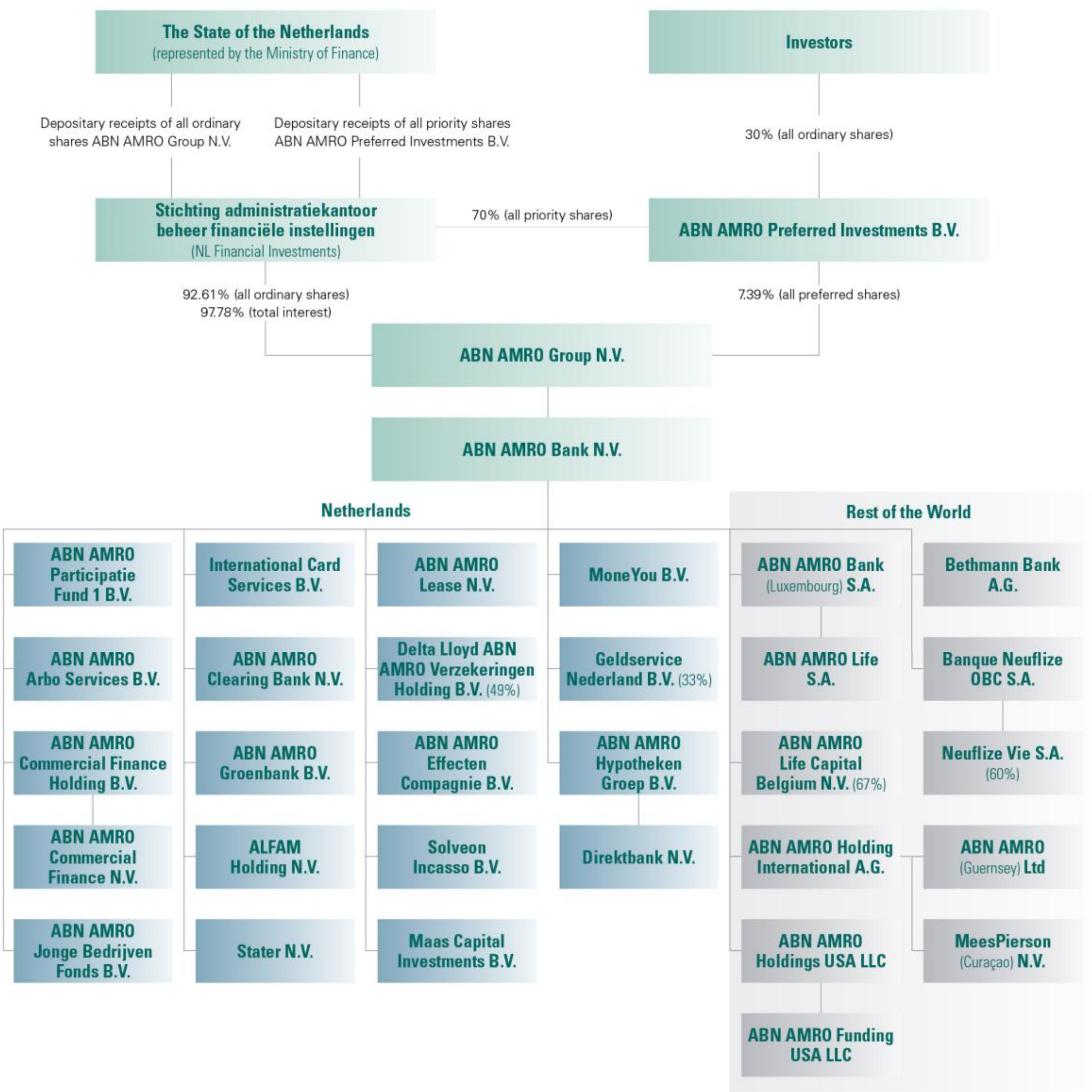
All ordinary shares in the capital of ABN AMRO Group N.V. are held by Stichting administratiekantoor beheer financiële instellingen (trade name NL Financial Investments, "**NLFI**"). All class A non-cumulative preference shares in the capital of ABN AMRO Group are held by ABN AMRO Preferred Investments B.V. All ordinary shares in the capital of ABN AMRO Preferred Investments B.V. are held by two institutional investors and all priority shares in the capital of ABN AMRO Preferred Investments B.V. are held by NLFI. NLFI holds a total voting interest of 97.78% in ABN AMRO Group N.V.

NLFI issued exchangeable depositary receipts for shares (without the cooperation of ABN AMRO Group N.V.) to the Dutch State. As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an indirect economic interest of 97.78% in ABN AMRO Group N.V. NLFI is responsible for managing the shares in ABN AMRO Group N.V. and ABN AMRO Preferred Investments B.V. and exercising all rights associated with these shares under Dutch law, including voting rights. material or principal decisions require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorisation from and on behalf of the Dutch Minister of Finance.

Group

Set out below is a diagram of the legal structure of the Issuer and its main (in)direct subsidiaries:

The figure below illustrates ABN AMRO's main subsidiaries and ownership



Control

The Dutch State has full control over ABN AMRO Group N.V.

The Dutch State is not involved in the day-to-day management of the Issuer.

The Dutch State has announced that, in relation to ABN AMRO, the exit of its ownership is not expected before 2014. The Dutch State keeps all options open for a return to the private market for ABN AMRO, but has indicated it favours an Initial Public Offering (IPO).

403 Statement

On 1 April 2010 ABN AMRO Group N.V. issued a statement of joint and several liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*), (the "**403 Declaration**") in relation to the Issuer. Pursuant to the 403

Declaration, ABN AMRO Group N.V. is jointly and severally liable with the Issuer for debts resulting from legal acts of the Issuer.

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

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

5.8 Managing Board

Name	Principal activities performed by them outside the Issuer which are significant with respect to the Issuer*
Gerrit Zalm, *Chairman*	None
Jan van Rutte, *Vice Chairman & Chief Financial Officer*	None
Johan van Hall, *Chief Operating Officer*	None
Caroline Princen, *Integration, Communication & Compliance*	None
Wietze Reehoorn, *Chief Risk Officer and Strategy*	None
Chris Vogelzang, *Retail & Private Banking*	None
Joop Wijn, *Commercial & Merchant Banking*	None

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

5.9 Supervisory Board

Name	Principal activities performed by them outside the Issuer which are significant with respect to the Issuer*
Hessel Lindenbergh, *Chairman*	Chairman of Supervisory Board, Bank voor de Bouwnijverheid N.V. (Bank for Construction Industry) Chairman of Supervisory Board, Agendia B.V. Chairman of Board, Centraal Fonds Volkshuisvesting (Central Housing Fund) Member of Supervisory Board, Gamma Holding N.V. Member of Supervisory Board, Zeeman Groep N.V. Member of Supervisory Board, DHV Holding N.V. Member of Supervisory Board, Doctors Pension Funds

	Services B.V. Member Board of Trustees, University of Amsterdam Member of Board, Stichting Continuiteit PostNL, Stichting Vopak, Stichting Preferente Aandelen (Foundation Preferred Shares) Wolters Kluwer, Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V.
Rik van Slingelandt, *Vice Chairman*	Supervisory Director, Kahn Scheepvaart B.V. Advisor, Redevco B.V. Member of Board, Stichting Neijenburg Chairman, Save the Children Fund Netherlands
Hans de Haan	Member of Board, Stichting (Foundation) Trustee Achmea Hypotheekbank Trustee in the bankruptcy of Van der Hoop Bankiers N.V.
Steven ten Have	Partner with Ten Have Change Management Professor of Strategy & Change at Vrije Universiteit in Amsterdam Chairman of Supervisory Board, Cito B.V. Vice-Chairman of Supervisory Board, Stichting Cito Instituut voor Toetsontwikkeling (Foundation Cito Institute for Educational Testing Development) Chairman, Postgraduate Programme Change Management, Vrije Universiteit, Amsterdam Member, Committee for Social Innovation, Ministry of Economic Affairs Member of Board, Stichting INK (Instituut Nederlandse Kwaliteit) (Foundation Institute Netherlands Quality) Member, Redactieraad (Editorial Committee) Management & Consulting
Bert Meerstadt	Chairman of the Board of N.V. Nederlandse Spoorwegen (Netherlands Railways)

	Member of Supervisory Board, Lucas Bols Chairman of Board, Friends of Concertgebouw and Royal Concertgebouw orchestra Chairman of Marketing Advisory Board Rijksmuseum Chairman of Society for Prevention and Saving of Drowning Victims Chairman of Board Blinden-Penning Foundation for the Blind and Visually Impaired
Marjan Oudeman	Member of the Executive Committee of Akzo Nobel N.V. Member of Supervisory Board, N.V. Nederlandse Spoorwegen (Netherlands Railways) Member of Board of Directors of the Concertgebouw Foundation Governor of Nationaal Comité 4 en 5 mei (the National Committee 4 and 5 May Foundation)
Annemieke Roobeek	Professor of Strategy and Transformation Management (Nyenrode University) Director and owner of MeetingMoreMinds and Open Dialogue B.V. Chairperson of Netherlands Center for Science and Technology (NCWT) and Science Center NEMO, Amsterdam Chairperson of INSID, Foundation for sustainability and innovation realisation directed by his Royal Highness Prince Carlos de Bourbon Parma Member of Supervisory Board, RAI Amsterdam Exhibition Centres Member of Supervisory Board, Abbott Healthcare Products B.V. Member of VROM-Council, responsible for a future outlook on Urbanism and Sustainability Chairperson of the governmental RLI Committee on the Transition towards Renewable Energy

	Member of Board, Foundation of the Medical Center of the Vrije Universiteit, Amsterdam Member of the Supervisory Board of KLM N.V. Member of the Supervisory Board of DIGH (Stichting Dutch International Guarantees for Housing)
Peter Wakkie	Partner at Spinath & Wakkie B.V. Vice-Chairman of Supervisory Board, Wolters Kluwer N.V. Member of Supervisory Board, TomTom N.V. Member of Supervisory Board, BCD Holdings N.V. Member of Board, Vereniging (Association) Corporate Litigation Member of Board, VEUO Member of Monitoring Committee Corporate Governance Code

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

Conflict of interest and address information

There are no actual or potential conflicts of interest between the duties to the Issuer of the members of the managing board and the supervisory board set out above and their private interests and/or duties which are of material significance to the Issuer and any of such members.

The business address of the members of the managing board and the supervisory board is Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

5.10 Statutory auditors

The Annual Financial Statements 2011 and the Annual Financial Statements 2010 have been audited all without qualification by KPMG Accountants N.V., chartered accountants (*registeraccountants*). KPMG's address is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands. The individual auditors of KPMG are members of The Netherlands Institute of Chartered Accountants (*Nederlands Instituut van Registeraccountants*, or "**NIVRA**""). The auditor's reports in respect of the financial year ended 31 December 2011 and the financial year ended 31 December 2010 with regard to ABN AMRO Group N.V. are incorporated by reference herein included in the form and content in which it appears with the consent of KPMG Accountants N.V., who have authorised the contents of this auditors' report.

6. OPERATING AND FINANCIAL REVIEW

This Operating and Financial Review includes a discussion and analysis of ABN AMRO's results of operations and financial condition for the financial year ended 2011 compared with the financial year ended 2010 and (in section 6.10) of ABN AMRO's underlying results for the fourth quarter 2011 compared with the third quarter 2011. This Chapter 6 should be read in conjunction with the Annual Financial Statements 2011 (including summary of significant accounting policies).

The reported figures have been impacted by several items which are related to the demerger of ABN AMRO Bank from RBS N.V. and the separation of FBN from BNP Paribas Fortis and the integration of ABN AMRO Bank and FBN. For a better understanding of underlying trends, the 2010 and 2011 figures have been adjusted for these items. The analysis in this Chapter 6 is based on the underlying results unless otherwise indicated. Reconciliation of the reported and underlying results is presented in section 6.1 below.

ABN AMRO is organised into Retail & Private Banking (R&PB), Commercial & Merchant Banking (C&MB) and Group Functions. For financial reporting purposes, the Managing Board adopted a further refinement of the segment reporting in 2011 as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions (see section 6.9 below).

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

The financial information included in this Chapter 6 is unaudited and is extracted from the press release dated 9 March 2012 issued in connection with the publication of ABN AMRO Group N.V.'s Annual Report 2011.

Certain figures in this Chapter 6 may not add up exactly due to rounding. In addition, certain percentages in this Chapter 6 have been calculated using rounded figures. As a result of the integration of ABN AMRO Bank and FBN, the current segmentation of reporting is still subject to minor changes.

6.1 Reconciliation from reported to underlying results

Income Statement						
	Reported		*Separation & integration-related costs*		*Underlying*	
(in millions)	***Full year 2011***	***Full year 2010***	***Full year 2011***	***Full year 2010***	***Full year 2011***	***Full year 2010***
Net interest income	*4,998*	*4,905*	*-*	*-*	*4,998*	*4,905*
Net fee and commission income	*1,811*	*1,766*	*-*	*-*	*1,811*	*1,766*

Other non-interest income	*985*	*126*	*-*	*- 862*	*985*	*988*
Operating income	7,794	6,797	-	- 862	7,794	7,659
Operating expenses	5,357	6,229	362	894	4,995	5,335
Operating result	**2,437**	**568**	**- 362**	**- 1,756**	**2,799**	**2,324**
Loan impairments	1,757	837	-	-	1,757	837
Operating profit before taxes	**680**	**- 269**	**- 362**	**- 1,756**	**1,042**	**1,487**
Income tax	- 9	145	- 91	- 265	82	410
Profit for the period	**689**	**- 414**	**- 271**	**- 1,491**	**960**	**1,077**

The reported cost/income ratio improved to 64% in 2011, down from 70% in 2010.

6.2 Underlying Income Statement of ABN AMRO Group

ABN AMRO Group's reported net profit in 2011 amounted to EUR 689 million and includes separation and integration-related costs of EUR 271 million net of tax. The underlying net profit, which excludes these costs, was EUR 960 million.

Underlying results			
(in millions)	***Full year 2011***	***Full year 2010***	***Change***
Net interest income	*4,998*	*4,905*	*2%*
Net fee and commission income	*1,811*	*1,766*	*3%*
Other non-interest income	*985*	*988*	*0%*
Operating income	7,794	7,659	2%
Personnel expenses	*2,538*	*2,533*	*0%*
Other expenses	*2,457*	*2,802*	*-12%*
Operating expenses	4,995	5,335	-6%
Operating result	**2,799**	**2,324**	**20%**
Loan impairments	1,757	837	110%
Operating profit before taxes	**1,042**	**1,487**	**-30%**
Income tax expenses	82	410	-80%
Profit for the period	**960**	**1,077**	**-11%**

Other indicators		
	31 December 2011	*31 December 2010**
Underlying cost/income ratio	64%	70%
Return on average Equity (IFRS)	7.8%	8.9%
Return on average RWA (in bps)	85	93
RWA / Total assets	29%	31%
Assets under Management	146.6	164.2
FTEs (end of period)	24,225	26,161

**The 2010 average figures are based on year-end 2010 position instead of average*

The rapidly deteriorating macro-economic environment impacted the results over 2011. Substantially higher loan impairments eroded the second half profit completely. More than 80% of the full-year loan impairments were accounted for in the second half of 2011.

- Operating income rose by 2% year-on-year to EUR 7,794 million.

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

  Fees and commissions were 3% higher in 2011 compared to 2010, due to lower costs for a credit protection instrument. Net fees and commissions were under pressure in 2011, due to lower transaction volumes as a consequence of adverse market conditions.

  Other non-interest income remained flat compared to 2010. Excluding the impact of a gain on the sale of the Swiss Private Banking activities in 2011 and the buyback result on a subordinated note in 2010, other non-interest income would have showed a marked increase. This was mainly driven by good results in Commercial & Merchant Banking and several positive one-offs (recorded in the first half of 2011).

  Out of total operating income, 82% was generated in The Netherlands and 14% came from the rest of Europe.

- Operating expenses dropped 6% to EUR 4,995 million in 2011. Excluding the impact of large items and divestments, operating expenses would have decreased by 2%.

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

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

- The operating result grew sharply to EUR 2,799 million, up 20% from 2010. The underlying cost/income ratio improved to 64% in 2011 (from 70% in 2010). This improvement reflects the realisation of integration synergies and is in line with the targeted cost/income ratio of 60-65% set for year-end 2012 following the completion of the integration as well as the target of bringing the cost/income ratio structurally below 60% by 2014.

- Loan impairments rose substantially to EUR 1,757 million in 2011, up from EUR 837 million in 2010. The increase relates largely to loan impairments of EUR 880 million on Greek Government-Guaranteed Corporate Exposures. Excluding these, loan impairments would have gone up by EUR 40 million or 5%, caused by higher impairments in Commercial & Merchant Banking, predominantly in Commercial Banking. Loan impairments in Private Banking declined sharply.

  Total loan impairments over average RWA ('cost of risk') went up to 156bps in 2011 (from 72bps in 2010). Please note that the 2010 figures are based on year-end RWA position instead of average RWA. Excluding the impairments on the Greek Government-Guaranteed Corporate Exposures, this figure would have been 78bps for 2011.

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

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

- Assets under Management (AuM) decreased to EUR 146.6 billion, down from EUR 164.2 billion at year-end 2010. This decline was mainly caused by the negative market performance (EUR -9.3 billion) and disposal of the Swiss Private Banking activities, but was compensated by the acquisition of LGT Germany (net effect of disposal and acquisition was EUR -5.0 billion) and a net inflow of EUR 0.9 billion. Some legislative changes in The Netherlands[8] explain the remaining decline in AuM (EUR -4.2 billion).

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[8] An amendment to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) resulted in cancellation of the physical delivery of securities as of 1 July 2011, which means that investors have had to register physical securities with Euroclear Netherlands, the Dutch Central Securities Depositary.

- A final dividend of EUR 50 million to ordinary shareholders is proposed. On 1 September 2011, EUR 200 million was paid as an interim dividend on the ordinary shares.

The results in both 2011 and 2010 were influenced by the following large items ("Large Items") and divestments ("Divestments").

Large Items

In 2011:

- Loan impairments (total amount of EUR 880 million, EUR 660 million after tax) on the Greek Government-Guaranteed Corporate Exposures highly impacted the results in the second half of the year. These legacy exposures, which were entered into around 2000, are loans and notes of Greek government-owned corporates guaranteed by the Greek state. An amount of EUR 380 million was taken in the fourth quarter of 2011.

- A EUR 187 million restructuring provision was recorded in 2011 for further restructurings and staff reductions.

- Several one-offs (totalling approximately EUR 150 million after tax) including items resulting from a further integration of systems and methodologies, gains on sales of participating interests and buildings and a release related to the Madoff provision, were recorded in the first half of 2011.

In 2010:

- 2010 included costs for capital instruments (EUR 195 million pre-tax - EUR 179 million after tax) and a credit protection instrument (EUR 140 million pre-tax, EUR 104 million after tax), which were called or converted in the course of 2010.

- A gain of EUR 175 million pre-tax (EUR 130 million after tax) was recorded on the buyback of Upper Tier 2 capital instrument.

- In 2010, several large litigation provisions relating to international activities conducted in the past were taken by Private Banking and Merchant Banking (full net impact in 2010 EUR 265 million).

Impact of divestments

In 2011:

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

- The sale of Prime Fund Solutions was completed on 2 May 2011. The sale did not materially impact earnings or regulatory capital. The results of Prime Fund Solutions were recorded in Group Functions.

- The sale of the international division of Fortis Commercial Finance to BNP Paribas Fortis was completed on 3 October 2011. The sale led to a small book loss and did not have a material impact on earnings or on regulatory capital. The results of the international division of Fortis Commercial Finance were recorded in Commercial Banking.

- The sale of the Swiss Private Banking activities to Union Bancaire Privée, UBP SA was finalised on 31 October 2011. The sale of these activities led to a book gain.

In 2010:

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

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

6.3 Balance sheet of ABN AMRO Group

Statement of condensed financial position ABN AMRO

(in millions)	***31 December 2011***	***31 December 2010***
Cash and balances at central banks	7.641	906
Financial assets held for trading	29.523	24.300
Financial investments	18.721	20.197
Loans and receivables - banks	61.319	41.117
Of which securities financing activities	27.825	24.018
Loans and receivables - customers	272.008	273.944
Of which securities financing activities	*16.449*	*14.339*
Other	15.470	16.818
Total assets	**404.682**	**377.282**
Financial liabilities held for trading	22.779	19.982
Due to banks	30.962	21.536
Of which securities financing activities	*12.629*	6.912
Due to customers	213.616	209.466
Of which securities financing activities	*25.394*	18.439
Issued debt	96.310	86.591
Subordinated liabilities	8.697	8.085
Other	20.898	19.510
Total liabilities	**393.262**	**365.170**

Equity attributable to the owners of the parent company	11.400	12.099
Equity attributable to non-controlling interests	20	13
Total equity	**11.420**	**12.112**
Total liabilities and equity	**404.682**	**377.282**

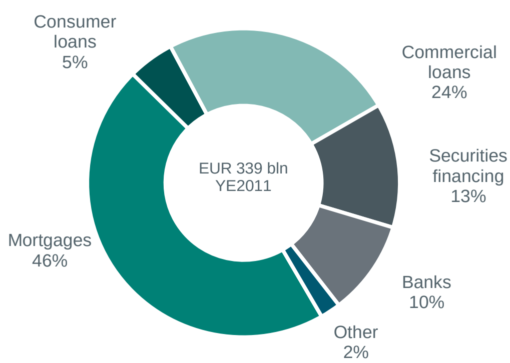
Please note that due to a further refinement of accounting harmonisation in 2011, certain balance sheet line items were subject to netting adjustments and reclassifications. For further details, please refer to the section "Basis of presentation" in ABN AMRO's Annual Financial Statements 2011.

- Total assets grew by EUR 27.4 billion to EUR 404.7 billion at year-end 2011. The increase was due mainly to the client-driven growth in securities financing activities, an increase in swaps derivatives volumes and the loan portfolio. In addition, market circumstances resulted in higher market valuations of derivatives and expansion of the cash component of the liquidity buffer.

The year-end 2010 balance sheet includes activities divested in 2011. Please refer to "Large Items" and "Impact of divestments" above for more details on these divestments.

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

Loans & receivables – customers & banks (pre impairments)



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

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

  (i) growth in client-driven securities financing volumes,

  (ii) loans and receivables – customers excluding securities financing declined by EUR 4.0 billion. Growth in the loan portfolio of Commercial Banking and ECT (total ECT loan book was EUR 13.4 billion at year-end of December 2011) was more than offset by a decrease in the residential mortgage loan portfolio, predominantly due to accounting changes and lower new mortgage production, the divestment of the international division of Fortis Commercial Finance and a reduction in current accounts following a harmonisation of netting principles (impact of EUR 6.1 billion).

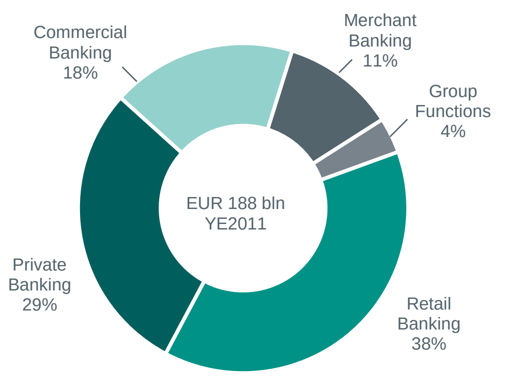
The bulk of the loan book is generated in The Netherlands (more than 90%), reflecting the fact that the majority of ABN AMRO's business mix is located in The Netherlands.

- Total liabilities went up by EUR 28.1 billion to EUR 393.3 billion mainly as a consequence of increased securities financing flows and a larger amount of issued debt outstanding.

- The increase in Due to banks was mainly the result of higher securities financing deposits.

- Due to customers increased by 2% as a result of growth in Retail and Private Banking deposits, which were offset by the sale of Prime Fund Solutions and the Swiss Private Banking activities, and the abovementioned reduction in current accounts of EUR 6.1 billion following a harmonisation of netting principles. In addition, a rise in securities financing deposits due to increased client flows was partly neutralised by a harmonisation of netting principles.

Total deposits



- Issued debt increased by EUR 9.7 billion. More details can be found in Liquidity Management & Funding section.

- Total equity decreased by 6% to EUR 11.4 billion, due to a change of EUR -1.2 billion in the special component of equity (SCE), partly offset by the retained part of the reported net profit. The SCE includes, amongst other things, the effective portion of fair market value fluctuations of interest rate derivatives used for macro cash flow hedge accounting relating to assets and liabilities not reported at fair market value. Fair value movements of derivatives that mirror cash flow variability (the effective portion) of hedges on non-trading assets and liabilities is recorded in the cash flow hedge reserve, part of the SCE. The remainder of fair value movements on the interest rate derivatives (ineffective portion) is recorded in the income statement.

6.4 Capital position

At year-end 2011, the Basel II capital ratios were 10.7% and 13.0% for Core Tier 1 and Tier 1 respectively and the total capital adequacy ratio was 16.8%.

The amounts of Core Tier 1, Tier 1 and Total capital were up from year-end 2010 levels. The increase in capital was partially offset by an increase in risk-weighted assets (RWA).

Regulatory capital Basel II		
(in millions)	***31 December 2011***	***31 December 2010***
Total Equity (IFRS)	**11,420**	**12,112**
Participations in financial institutions	*- 299*	*- 301*

Other regulatory adjustments	*1,484*	*273*
Core Tier 1 capital	**12,605**	**12,084**
Non-innovative hybrid capital instruments	*1,750*	*1,750*
Innovative hybrid capital instruments	*994*	*1,000*
(Non-) Innovative Capital Instruments	2,744	2,750
Tier 1 Capital	**15,349**	**14,834**
Subordinated liabilities Upper Tier 2	*178*	*173*
Subordinated liabilities Lower Tier 2	*4,709*	*4,747*
Sub-Debt (Tier 2)	4,887	4,920
Participations in financial institutions	- 299	- 301
Other regulatory adjustments	- 80	- 117
Total Capital	**19,857**	**19,336**
Risk-Weighted Assets	**118,286**	**116,328**
Credit Risk (RWA)	101,609	99,577
Operational Risk (RWA)	13,010	14,461
Market Risk (RWA)	3,667	2,290
Core Tier 1 ratio	**10.7%**	**10.4%**
Tier 1 ratio	**13.0%**	**12.8%**
Total Capital ratio	**16.8%**	**16.6%**

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

6.4.1 Main changes in the capital position

Core Tier 1 capital

The net reported profit attributable to shareholders in 2011 amounted to EUR 665 million, of which EUR 402 million or 60% was included in Core Tier 1 capital in accordance with regulations. A total dividend of EUR 263 million (including preferred dividend) is proposed for 2011, of which EUR 200 million was paid out as interim dividend on the ordinary shares in September 2011.

Total equity (based on EU-IFRS) decreased to EUR 11.4 billion, from EUR 12.1 billion at year-end 2010. This decrease was due mainly to a change in the SCE (impact of EUR -1.2

billion), partly offset by the retained part of the reported net profit. In the calculation of regulatory capital the effect of the change in the SCE is eliminated in the line item Other regulatory adjustments.

Tier 2 capital

In April 2011, ABN AMRO issued EUR 1.2 billion and USD 0.6 billion of new long dated Lower Tier 2 notes (LT2), predominantly in an exchange for LT2 notes that were not expected to be grandfathered under the Basel III transitional rules. The newly issued LT2 notes are expected to qualify for grandfathering (Based on the draft CRD IV of 20 July 2011). In June 2011, ABN AMRO issued USD 113 million (EUR 87 million at year-end 2011) of new LT2 notes under an exchange and tender offer for subordinated deposit notes originally issued by RBS N.V., which notes could not be transferred from RBS N.V. to ABN AMRO at the time of the Legal Demerger.

6.4.2 Risk-weighted assets

The net RWA increase of EUR 2.0 billion in 2011 was mainly caused by business growth (EUR 6.3 billion) and model changes (EUR 2.2 billion). The increase was partly offset by ongoing data quality improvements (EUR -2.8 billion), combined with a decrease in operational risk RWA (EUR -1.5 billion). Furthermore, the capital requirement for the so-called Credit Umbrella with Deutsche Bank decreased (EUR -0.9 billion) due to a decline of the covered portfolio and changes in regulatory requirements.

6.4.3 Basel III/CRD IV

The introduction of Basel III in CRD IV (proposal for a European regulation and directive) is expected to translate the current Basel II capital ratios into lower capital ratios as of 2013. Under the new rules, capital requirements are expected to increase and additional capital deductions and prudential filters are to be introduced. The CRD IV draft stipulates that the new rules are to be implemented using a phased-in approach. Based on current insights, ABN AMRO believes it is relatively well positioned to meet the January 2013 minimum capital requirements.

Impact of Basel III on capital ratios

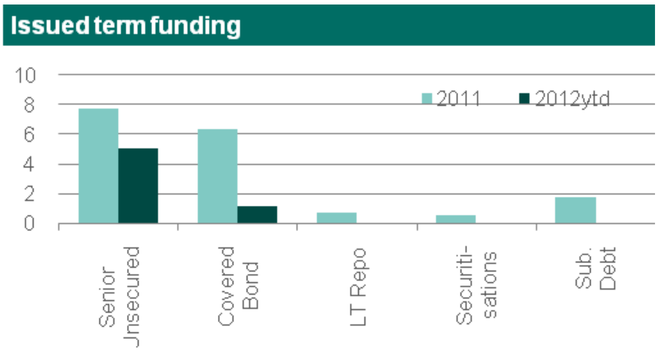
31 December 2011	***Basel II***	***Basel III Jan 2013***	***Basel III full phase in Jan 2013****
Core Tier 1 / Common Equity Tier 1 ratio	10.7%	9.7%	8.4%
Tier 1 ratio	13.0%	11.6%	10.3%
Total capital ratio	16.8%	13.3%	12.0%

** January 2013 Basel III rules including transitional arrangements for capital instruments combined with the application of full phase-in rules for capital deductions, prudential filters and RWA-adjustments*

ABN AMRO's leverage ratio, based on the draft Basel III rules, was 3.3% at year-end 2011 (unchanged from 2010), using current Basel II Tier 1 capital as a basis.

6.5 Liquidity Management & Funding

ABN AMRO attracts most of its funding through its R&PB and C&MB network and in part through wholesale funding (total issued debt was EUR 96.3 billion in 2011) and interbank markets.



ABN AMRO successfully completed its 2011 funding activities, while improving the loan-to-deposit ratio and the funding profile, and diversified its funding sources and currencies. A total of EUR 17.2 billion of term funding was issued among a widespread investor base in 2011, of which EUR 2.5 billion of funding was termed out. Of the funding raised in 2011, 65% was raised through benchmark transactions including an inaugural senior unsecured transaction targeted at US investors (USD 2.0 billion) which improved geographical diversification. The remainder was attracted through private placements. Furthermore, EUR 1.6 billion of LT2 notes were issued, predominantly in an exchange for LT2 notes that were not expected to be grandfathered under Basel III.

The amount of long-term funding issued in 2011 exceeded the EUR 8.2 billion of 2011 maturing long-term funding by EUR 9.0 billion and improved ABN AMRO's funding profile. The excess has been applied to pre-fund part of the 2012 refinancing requirement and to finance a buyback of EUR 2.7 billion of Dutch Government-Guaranteed bonds conducted in April 2011. As a result of the buyback, the amount of outstanding Dutch government-guaranteed bonds declined to EUR 4.8 billion at 31 December 2011.

Several benchmark and private placement transactions were issued in January and February 2012, successfully raising over EUR 6.2 billion in various currencies - including USD, GBP, CHF, NOK and EUR - in maturities ranging up to 20 years.

Liquidity parameters	*31 December 2011*	*31 December 2010*
Loan to deposit ratio (LtD)	130%	135%
Stable funding / Non-liquid assets ratio (SF/NLA)	106%	104%
Liquidity Coverage Ratio (LCR)	69%	c. 60%
Net Stable Funding Ratio (NSFR)	100%	c. 100%
Available Liquidity buffer (in EUR billion)	58.5	47.9

The loan-to-deposit ratio improved to 130% on 31 December 2011, down from 135% on year-end 2010 mainly as a result of the growth of deposits more than offsetting the increase in the loan portfolio, and in part as a result of the changed methodology (impact two percentage points).

Stable funding over non-liquid asset ratio (SF/NLA) shows the extent to which core (non-liquid) assets are covered by stable funding. This ratio improved to 106% on 31 December 2011, up from 104% at year-end 2010[9], due to a rise in long-term debt versus a decrease in (long-term) customer loans.

A liquidity buffer of unencumbered assets is retained as a safety cushion in the event of severe liquidity stress. The liquidity buffer portfolio mainly consists of retained RMBS, government bonds and cash and was EUR 58.5 billion in liquidity value at year-end 2011, up by EUR 10.6 billion from year-end 2010. The portion of readily available cash and central bank deposits was considerably higher at year-end 2011 compared with year-end 2010and included an amount of surplus cash in short-term USD. The cash position was intentionally enlarged to guard against any unforeseen circumstances in the volatile markets of 2011. The intra-year decrease of the liquidity buffer has been fully recovered due to the restructuring of certain RMBS notes into newly issued ECB eligible RMBS notes (all structured on in-house originated prime Dutch mortgages).

Basel III introduces two liquidity ratios: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). At present, the LCR and NSFR are reported to regulators. Regulatory minimum requirements for both the LCR and NSFR are expected to be 100%. Based on the current interpretation thereof, the LCR was 69% and the NSFR was 100% at the end of December 2011. ABN AMRO targets compliance with Basel III liquidity regulation by 2013 at the latest.

6.6 Risk management

The Dutch housing market continued to slow down in 2011, with slightly declining property prices in real terms and consequently increasing residual debt. Impaired ratios [10] for residential mortgages increased slightly to 0.9% compared to 0.7% in 2010. Average loss rates[11] for mortgages in 2011 remained low at 9bps.

Only 14% of the residential mortgage portfolio, which was EUR 155.2 billion at 31 December 2011 has a loan-to-market value of above 100%[12]. 56% of the portfolio consists of interest-only mortgages at year-end 2011, in line with the Dutch mortgage market. This percentage is expected to decrease as from 2012. In accordance with the new mortgage lending code of conduct, ABN AMRO has only granted interest-only mortgages at a maximum of 50% of the property value since August 2011. At year-end 2011, approximately 21% of the portfolio was guaranteed by a Dutch government-guaranteed agency (NHG).

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[9] Deviates from previously reported SF/NLA due to further refinement of accounting harmonisation. For details see note 1 of the Annual Financial Statement included in the Annual Report 2011.

[10] The impaired portfolio consists of Non-Performing Loans (more than 90 days past due) for which an impairment has been taken and loans that are less than 90 days past due for which an impairment has been taken. The impaired ratio is the impaired portfolio divided by total outstandings.

[11] Net credit loss (write-offs minus recoveries).

[12] The remainder has a Loan-to-market value below 100% is unclassified (6%) or is NHG (Mortgage loans guaranteed by a Dutch government-guaranteed agency).

The impaired ratio for commercial loans increased from 4.7% to 6.6% in 2011, mainly due to large impairments taken on the Greek Government-Guaranteed Corporate Exposures. The ECT loan portfolio remained sound, with an impaired ratio of 0.4%.

The overall coverage ratio remained stable at 60.5% on 31 December 2011 compared to 60.5% at year-end 2010.

6.6.1 Government and government-guaranteed exposures

Total exposure to government bonds from Spain (EUR 0.1 billion) and Italy (EUR 0.3 billion) accounted for 0.1% of the balance sheet total as per 31 December 2011. There was no direct government debt exposure to Greece, Portugal or Ireland.

EU Government & government-guaranteed exposures

(in billions)	***Government***	***Government Guaranteed***	***31 Dec. 2011 Total***	***31 Dec. 2010 Total***	***Change 2011 Total***
Netherlands	11.7	1.4	13.1	8.9	4.2
Germany	2.8	0.5	3.3	2.1	1.2
France	2.4	-	2.4	2.3	0.1
Greece	-	1.3	1.3	1.4	- 0.1
Austria	1.3	-	1.3	0.9	0.4
EU	0.7	-	0.7	-	0.7
Belgium	0.5	0.1	0.6	2.6	- 2.0
UK	0.5	-	0.5	0.9	- 0.4
Italy	0.3	-	0.3	1.3	- 1.0
Finland	0.3	-	0.3	0.1	0.2
Poland	0.2	-	0.2	0.3	- 0.1
Spain	0.1	-	0.1	0.1	-
Portugal	-	-	-	0.2	- 0.2
Ireland	-	-	-	0.1	- 0.1
Total	**20.8**	**3.3**	**24.1**	**21.2**	**2.9**

** GBP denominated exposure*

Note: The exposures are presented on a gross basis before impairments, without recognising the benefit of risk mitigation such as hedges, collateral, and short positions across issuers. The comparative exposures per the end of 2010 have been adjusted to exclude deposits with central banks. The figures for The Netherlands exclude consumer loans with are Dutch State guaranteed (such as government-guaranteed mortgages). The majority of the government and government-guaranteed *exposures are part of the financial investments available for sale and are mainly held for liquidity management purposes. Some of the exposures, mainly in Greece and The Netherlands, are recorded in loans and receivables at amortised cost.*[13]

Exposures to Italy decreased year-on-year mainly due to active management. Outstanding debt from Ireland and Portugal was redeemed in full according to scheduled maturities.

ABN AMRO holds EUR 1.3 billion of Greek Government-Guaranteed Corporate Exposures. The exposures were allocated to ABN AMRO during the separation process in 2010 and are the result of transactions entered into around 2000. The exposures are recorded in loans and receivables at amortised cost. As these exposures are not quoted in an active market, fair values have been determined by applying a present value approach. Future cash flows have been discounted using a risk-adjusted interest rate which is based on market observable information for similar debt exposures. The fair values reduced significantly to 21% of the gross book values at 31 December 2011 (31 December 2010: 81%).

On 24 February 2012 the Ministry of Finance of Greece issued a press release regarding the revised Private Sector Involvement ("**PSI**") programme. The majority of the exposures held by ABN AMRO appeared on this list. ABN AMRO's exposures fall into the category 'Foreign Law Guaranteed Titles' as these were issued by Greek corporates with a guarantee provided by the Greek government and are governed by UK law. Following the announcement in February, the exposures included on the list were impaired to 25% of notional value (impact recorded in 2011 results). ABN AMRO decided not to participate in the PSI programme as, amongst other things, there seems to be no consistency in the corporate government-guaranteed loans and notes appearing on the list.

Redemptions of a total amount of EUR 190 million were made in 2011 reducing the total gross exposure to EUR 1.3 billion. We have impaired those exposures included in the list to 25% of notional value. This resulted in an additional impairment of EUR 380 million in the fourth quarter, bringing the total amount of impairments in 2011 to EUR 880 million.

6.7 Integration

Most of the integration projects have now been successfully completed. In November 2011, almost all Commercial and all Private Banking clients were migrated to a single IT platform, involving a total of around 100,000 clients. With this operation successfully completed, more than 99% of all former FBN clients have now been transferred.

The integration also includes the divestment of a total of 114 buildings and termination of 144 rental contracts by the end of 2012. By the end of December 2011, 76 buildings had been divested and 124 rental contracts had been terminated.

The remaining integration activities, which are much smaller in size, are on track and are expected to be finalised by 2012, as planned and within the original overall budget of EUR 1.6 billion. Integration synergies accounted for approximately EUR 750 million at year-end 2011, and management expects to reach the synergy target of EUR 1.1 billion per annum as per 1 January 2013, as previously communicated.

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[13] Please refer to note 16 of the Annual Financial Statements included in the Annual Report 2011 for a breakdown by country of the fair values and respective unrealised gains or losses.

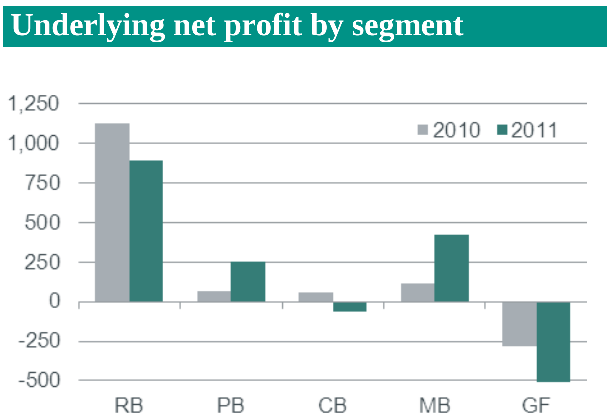
6.8 Customer Excellence

Ahead of the completion of the integration by the end of 2012, ABN AMRO is working ambitiously to operate in a more efficient, client-driven way, leading to a more agile organisation and better and faster service.

ABN AMRO has introduced Customer Excellence, a new way of working, which combines customer focus and operational excellence and is based on lean management principles. Putting Customer Excellence into practice entails an organisational transformation, one which should enable the bank to achieve better service delivery to clients, more efficient processes and more motivated staff. Customer Excellence is not only about major operational changes, but also about small improvements which help raise client and employee satisfaction across the organisation. Financially, Customer Excellence is one of the elements which should help the bank achieve its target of reducing the cost/income ratio to structurally below 60% by 2014. Customer Excellence will be deployed across the organisation until 2014.

6.9 Results for 2011 by segments

ABN AMRO is organised into Retail & Private Banking, Commercial & Merchant Banking and Group Functions. For financial reporting purposes, the Managing Board adopted a further refinement of the segment reporting in 2011as follows: Retail Banking, Private Banking, Commercial Banking, Merchant Banking and Group Functions. As from 2011, the majority of the costs of Group Functions have been allocated to business segments[14]. This change affects the year-on-year segment comparison. Full segment details can be found in paragraphs 6.9.1 through to 6.9.3.



Retail Banking posted a profit of EUR 888 million, down EUR 239 million from 2010, due to the transfer of activities to other segments [15] and higher internal cost allocation, increased margin pressure in deposits and lower fee-generating activities.

Private Banking recorded a EUR 255 million profit, up from EUR 64 million in 2010, due largely to a gain on the sale of the Swiss Private Banking activities [16] and the absence of high litigation costs and provisions (included in 2010).

Commercial Banking made a loss of EUR 64 million in 2011, compared with a profit of EUR 57 million in 2010, as costs rose due to higher internal cost allocation, the rebuilding of

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

[15] For example, the transfer of the SME portfolio from Retail Banking to Commercial Banking.

[16] Please refer to Annex 5: Large Items and Divestments.

the presence lost in EC Remedy areas and the international network, and loan impairments increased.

Merchant Banking posted a profit of EUR 421 million, up from EUR 115 million in 2010, driven primarily by higher operating income levels in LC&MB[17] (including ECT), lower costs and low loan impairments.

Group Functions posted a loss of EUR 540 million in 2011. Group Functions recorded higher operating income and lower operating expenses, due to reallocation of internal costs to the business segments; the loss was caused by the loan impairments on the Greek Government-Guaranteed Corporate Exposures and a restructuring provision.

6.9.1 Underlying results of Retail & Private Banking

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

Underlying results R&PB								
	Retail Banking			***Private Banking***			***R&PB Total***	
(in millions)	***FY 2011***	***FY 2010***	***Change***	***FY 2011***	***FY 2010***	***Change***	***FY 2011***	***FY 2010***
Net interest income	*2,671*	*2,945*	*-9%*	*558*	*485*	*15%*	*3,229*	*3,430*
Net fee and commission income	*490*	*504*	*-3%*	*578*	*652*	*-11%*	*1,068*	*1,156*
Other non-interest income	*51*	*90*	*-43%*	*166*	*89*	*87%*	*217*	*179*
Operating income	3,212	3,539	-9%	1,302	1,226	6%	4,514	4,765
Personnel expenses	*499*	*557*	*-10%*	*484*	*513*	*-6%*	*983*	*1,070*
Other expenses	*1,266*	*1,210*	*5%*	*506*	*541*	*-6%*	*1,772*	*1,751*
Operating expenses	1,765	1,767	0%	990	1,054	-6%	2,755	2,821
Operating result	**1,447**	**1,772**	**-18%**	**312**	**172**	**81%**	**1,759**	**1,944**
Loan impairments	276	271	2%	16	71	-77%	292	342
Operating profit before taxes	**1,171**	**1,501**	**-22%**	**296**	**101**		**1,467**	**1,602**
Income tax expenses	283	374	-24%	41	37	11%	324	411
Profit for the period	**888**	**1,127**	**-21%**	**255**	**64**		**1,143**	**1,191**

Note: Certain small and medium-sized enterprise clients were included in the results of R&PB until November 2010. As from that date, these results were included in C&MB. The full P&L effect of this transfer was shown in 2011.

Other indicators			
	Retail Banking	***Private Banking***	***R&PB Total***

[17] Large Corporates & Merchant Banking, one of the businesses of Merchant Banking.

	31 Dec 2011	31 Dec 2010*	31 Dec 2011	31 Dec 2010*	31 Dec 2011	31 Dec 2010*
Underlying cost/income ratio	55%	50%	76%	86%	61%	59%
Loan to deposit ratio	218%	240%	28%	31%	137%	149%
Loans and receivables customers (in EUR billion)	162.6	167.5	16.0	16.4	178.5	184.0
Of which: mortgages (in EUR billion)	*151.5*	*155.2*	*3.6*	*4.2*	*155.1*	*159.4*
Due to customers (in EUR billion)	72.0	69.7	54.3	53.5	126.3	123.2
RWA (in EUR billion)	32.3	35.1	13.8	14.5	46.1	49.6
Return on RWA	272	321	187	44	247	240
FTEs (end of period)	6,680	7,116	3,746	4,016	10,426	11,132

**The 2010 average figures are based on year-end 2010 position instead of average*

Retail Banking

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

Despite lower expenses, Retail Banking's net profit 2011 came down by EUR 239 million to EUR 888 million. This decrease was mainly the result of the transfer of SME portfolios to Commercial Banking and a mismatch result to Group Functions.

- Operating income for 2011 showed a marked decline of EUR 327 million to EUR 3,212 million.

Net interest income decreased by EUR 274 million to EUR 2,671 million, mainly as the result of the abovementioned transfers (total impact of EUR 189 million).

In addition to these transfers, both loan margins and volumes shrank over the course of 2011. The total loan portfolio decreased by 3% to EUR 162.6 billion. Net interest income on the mortgage portfolio declined as a result of a lower average volume and lower margins on mortgages with a variable interest rate.

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

Net fee and commission income decreased by EUR 14 million to EUR 490 million due to lower transaction volumes as a result of economic uncertainty.

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

- Operating expenses were flat compared to 2010, as integration synergies and the transfer of activities to Group Functions and Commercial Banking were fully offset by higher internal cost allocation.

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

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

- The operating result decreased by 18% and the cost/income ratio went up to 55% from 50% in 2010.

- Loan impairments increased marginally to EUR 276 million. Despite the economic circumstances, impairments on the mortgage portfolio were marginally lower. Impairments on consumer loans slightly increased. The combination of an increase of loan impairments and a decrease in RWA resulted in an increase in the cost of risk by 7bps to 84bps over 2011.

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

- Loans and receivables – customers decreased by EUR 4.9 billion to EUR 162.6 billion, mainly due to the transfer of an SME portfolio to Commercial Banking in 2011 and a decline in the mortgage portfolio.

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

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

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

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

Private Banking

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

Private Banking's net profit increased by EUR 191 million to EUR 255 million as a result of a book gain on the sale of Swiss Private Banking activities, lower operating expenses and lower loan impairments.

- Operating income improved by 6% to EUR 1,302 million, driven mainly by higher interest results and a book gain on the sale of the Swiss Private Banking activities in 2011.

A 15% increase in net interest income to EUR 558 million was the result of higher deposit volumes and better margins.

Net fee and commission income decreased by 11% as clients switched partly out of investments into cash during 2011.

Other non-interest income increased to EUR 166 million from EUR 89 million, mainly driven by a gain on the sale of the Swiss Private Banking activities.

- Operating expenses declined by 6% or EUR 64 million. Operating expenses in 2010 included legal provisions that did not recur in 2011. Adjusted for these legal provisions, operating expenses increased slightly as a result of one-off IT costs and higher internal cost allocation.

- Operating result improved significantly from EUR 172 million to EUR 312 million and the cost/income ratio improved to 76% from 86%.

- Loan impairments were significantly lower due to a combination of releases and considerably lower loan impairments compared to the high levels of 2010.

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

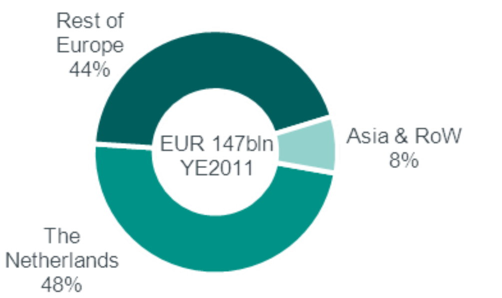
- Loans and receivables - customers decreased by 3% to EUR 16 billion mainly as a result of the sale of the Swiss Private Banking activities. The mortgage portfolio of Private Banking amounted to EUR 3.6 billion; the remainder relates mainly to the International Diamond & Jewelry Group activities.

- Despite the sale of the Swiss Private Banking activities, Due to customers increased as selected retail clients were migrated to Private Banking, new inflow in deposits was recorded and clients sold their securities and moved to cash.

- Assets under Management (AuM) decreased by EUR 17.6 billion to EUR 146.6 billion. This decline was mainly caused by a negative market performance and the disposal of the Swiss Private Banking activities partly compensated by the acquisition of LGT Germany and a net inflow of EUR 0.9 billion. Legislative changes in The Netherlands[18] also resulted in a decline in AuM.

Assets under Management developments		
(in billions)	***2011***	***2010***
Balance on 1 January	**164.2**	**149.7**
Net new assets	0.9	0.6
Market performance	-9.3	10.5
Divestments/Acquisitions	-5.0	-
Legislative changes	-4.2	-
Other	-	3.4
Balance on 31 December	**146.6**	**164.2**

Assets under Management by geography



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

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

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

6.9.2 Underlying results of Commercial & Merchant Banking

C&MB is organised into Commercial Banking and Merchant Banking.

Underlying results C&MB

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

	Commercial Banking			*Merchant Banking*			*C&MB Total*	
(in millions)	***FY 2011***	***FY 2010***	***Change***	***FY 2011***	***FY 2010***	***Change***	***FY 2011***	***FY 2010***
Net interest income	*1,231*	*1,199*	*3%*	*546*	*390*	*40%*	*1,777*	*1,589*
Net fee and commission income	*366*	*375*	*-2%*	*364*	*318*	*14%*	*730*	*693*
Other non-interest income	*80*	*91*	*-12%*	*420*	*302*	*39%*	*500*	*393*
Operating income	1,677	1,665	1%	1,330	1,010	32%	3,007	2,675
Personnel expenses	*342*	*339*	*1%*	*285*	*236*	*21%*	*627*	*575*
Other expenses	*805*	*695*	*16%*	*575*	*727*	*-21%*	*1,380*	*1,422*
Operating expenses	1,147	1,034	11%	860	963	-11%	2,007	1,997
Operating result	**530**	**631**	**-16%**	**470**	**47**		**1,000**	**678**
Loan impairments	606	538	13%	27	- 20		633	518
Operating profit before taxes	**- 76**	**93**		**443**	**67**		**367**	**160**
Income tax expenses	- 12	36		22	- 48		10	- 12
Profit for the period	**- 64**	**57**		**421**	**115**		**357**	**172**

Note: Certain small and medium-sized enterprise clients were included in the results of R&PB until November 2010. As from that date, these results were included in C&MB. The full P&L effect of this transfer was shown in 2011.

Other indicators

	Commercial Banking		*Merchant Banking*		*C&MB Total*	
	31 Dec 2011	***31 Dec 2010****	***31 Dec 2011***	***31 Dec 2010****	***31 Dec 2011***	***31 Dec 2010****
Underlying cost/income ratio	68%	62%	65%	95%	67%	75%
Loan to deposit ratio	122%	109%	137%	120%	128%	113%
Loans and receivables customers (in EUR billion)	41.9	42.4	46.6	42.4	88.5	84.7
Due to customers (in EUR billion)	34.0	39.0	46.6	37.7	*80.7*	*76.7*
RWA (in EUR billion)	28.3	29.3	36.1	32.1	64.4	61.4
Return on RWA	-23	19	131	36	60	28
FTEs (end of period)	3,547	4,013	1,998	1,836	5,545	5,849

**The 2010 average figures are based on year-end 2010 position instead of average*

Commercial Banking

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

Net profit for Commercial Banking was impacted by high loan impairments both in 2010 and 2011. In addition, profitability was affected by higher internal cost allocations starting from 2011.

- Operating income, at EUR 1,677 million, remained virtually unchanged compared to 2010.

Net interest income increased by 3% to EUR 1,231 million, partly due to the transfer of activities from Retail Banking. Lower margins on corporate loans were offset by higher margins on deposits. Loan volumes increased marginally, while deposit volumes decreased marginally.

Net fee and commission income decreased by 2%, due largely to lower payment fees and the sale of the international division of Fortis Commercial Finance in 2011.

- Operating expenses increased by EUR 113 million due to higher allocation of internal costs.

Personnel expenses remained flat. The increase in other expenses was due to higher allocation of internal costs.

- The operating result decreased by 16% and the cost/income ratio increased to 68% from 62% in 2010.

- Loan impairments amounted to EUR 606 million in 2011, an increase of EUR 68 million compared to 2010. Loan impairments rose in the second half of 2011 compared with the first half of 2011 as the Dutch economy slid into recession. Impairment levels were already elevated in 2010. As a result, risk costs increased to 221 bps, up 37 bps from 2010 levels (the 2010 figures are based on year-end RWA position instead of average RWA). The sectors impacted in 2011 were mainly real estate, construction and industrial goods & services.

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

- Loans and receivables – customers decreased by EUR 0.5 billion to EUR 41.9 billion. The sale of the international division of Fortis Commercial Finance resulted in a decline of EUR 1.1 billion. The technical migration of all commercial clients to a single IT platform led to a harmonisation of netting of certain current accounts which decreased Loans and receivables - customers as well as Due to customers by EUR 4.0 billion in Q4 2011. This decline was partly offset by growth in loans to commercial clients.

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

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

Merchant Banking

Merchant Banking serves Netherlands-based corporates, financial institutions and real estate investors as well as international companies active in Energy, Commodities & Transportation (ECT). Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking (LC&MB) which includes ECT and Private Equity, and Markets which includes the Clearing activities.[19]

Net profit improved significantly to EUR 421 million as a result of higher operating income and the absence of large litigation provisions in 2011.

- Operating income improved by 32% or EUR 320 million compared to 2010.

Net interest income increased by 40% to EUR 546 million, due mainly to higher revenue levels at LC&MB and stable income at Clearing (Clearing refers to ABN AMRO Clearing Bank N.V.), offset by lower income in Markets (sales and trading) as a consequence of market circumstances.

Net fee and commission income remained stable and was generated mainly at Clearing and LC&MB.

Other non-interest income increased by 39% to EUR 420 million and was mainly driven by favourable Private Equity results. However, slow market circumstances and increased volatility brought down other non-interest income in Markets in the second half of 2011.

- Operating expenses decreased by EUR 103 million to EUR 860 million due to large litigation provisions taken in 2010. Internal cost allocation increased compared to 2010.

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

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

- The operating result increased and the cost/income ratio improved to 65% from 95% in 2010.

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[19] Clearing refers to ABN AMRO Clearing Bank N.V.

- Loan impairments in 2011 amounted to EUR 27 million. Both in 2010 and in the first half of 2011, releases of loan impairments previously taken were recorded. However, this trend reversed in the second half of 2011, when several impairments were taken in the real estate portfolio. Risk costs (8bps in 2011), however, remained at very low levels.

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

- An increase in Loans and receivables – customers of EUR 4.2 billion was driven by growth in the ECT loan portfolio, an increase in securities financing activities and small growth at Clearing. The growth of the loan portfolio was partly offset by a reduction in current accounts following a harmonisation of netting principles.

- Due to customers increased by almost EUR 8.9 billion to EUR 46.6 billion at the end of December 2011. This growth was predominantly the result of increased client flows at Clearing and securities financing activities.

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

6.9.3 Underlying results of Group Functions

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

Underlying results Group Functions			
(in millions)	***FY 2011***	***FY 2010***	***change***
Net interest income	*-8*	*-111*	*-93%*
Net fee and commission income	*13*	*-83*	*-116%*
Other non-interest income	*268*	*413*	*-35%*
Operating income	273	219	25%
Personnel expenses	928	888	5%
Other expenses	*-695*	*-371*	87%
Operating expenses	233	517	-55%
Operating result	**40**	**-298**	**-113%**
Loan impairments	832	-23	
Operating profit before taxes	**-792**	**-275**	
Income tax expenses	-252	11	

Profit for the period	**-540**	**-286**	**89%**

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

Other items		
	31 Dec. 2011	***31 Dec. 2010***
Loans and receivables customers (in billions)	5.0	5.2
Due to customers (in billions)	6.7	9.6
Risk-Weighted Assets (in billions)	7.8	5.3
FTEs (end of period)	8,254	9,179

The net result declined by EUR 254 million to a loss of EUR 540 million as a result of significant loan impairments on the Greek Government-Guaranteed Corporate Exposures and a restructuring provision.

- Operating income in 2011 improved to EUR 273 million from EUR 219 million in 2010.

Net interest income improved significantly to EUR -8 million from a net interest cost of EUR 111 million in 2011. The improvement was due largely to the absence of interest cost for capital instruments (see the Large Items as set out in paragraph 6.4.2) and a risk transfer from R&PB, partially offset by higher funding costs and the impact of Divestments.

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

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

- Operating expenses in 2011 declined by 55% to EUR 233 million mainly due to the revised cost allocation.

Personnel expenses increased in 2011, as a EUR 187 million restructuring provision for further restructurings and staff reductions was taken in 2011. This increase was partly offset by the effect of the 2010 divestments.

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

- Loan impairments were up significantly to EUR 832 million in 2011 as a result of EUR 880 million of loan impairments on the Greek Government-Guaranteed Corporate Exposures.

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

6.10 Underlying results fourth quarter 2011 compared with third quarter 2011

Underlying results			
(in millions)	***Q4 2011***	***Q3 2011***	***Change***
Net interest income	*1,191*	*1,241*	*-4%*
Net fee and commission income	*415*	*423*	*-2%*
Other non-interest income	*239*	*175*	*37%*
Operating income	1,845	1,839	0%
Personnel expenses	*563*	*562*	*0%*
Other expenses	*672*	*600*	*12%*
Operating expenses	1,235	1,162	6%
Operating result	**610**	**677**	**-10%**
Loan impairments	768	679	13%
Operating profit before taxes	**- 158**	**- 2**	
Income tax expenses	- 135	- 11	
Profit for the period	**- 23**	**9**	

Other indicators		
	31 December 2011	***30 September 2011***
Underlying cost/income ratio	67%	63%
Assets under Management (in EUR billion)	146.6	153.0
Risk-Weighted Assets (in EUR billion)	118.3	115.7
FTEs	24,225	24,947

The net result for the fourth quarter of 2011 amounted to a loss of EUR 23 million, down EUR 32 million from the third quarter. Loan impairments on Greek Government-Guaranteed Corporate Exposures and in Commercial Banking impacted the fourth-quarter results.

- Operating income remained virtually flat quarter-on-quarter at EUR 1,845 million.

Net interest income decreased by 4% as Commercial Banking was impacted by the sale of the international division of Fortis Commercial Finance and lower margins. Merchant Banking posted an increase, mainly on a good final quarter for securities financing.

Net fee and commission income remained virtually unchanged compared to the third quarter. Both quarters suffered from adverse market conditions, which led to lower transaction volumes.

Other non-interest income went up by EUR 64 million or 37% due to a book gain on the sale of the Swiss Private Banking activities and a better fourth quarter for Markets. The comparison with the previous quarter is impacted by a large gain in the private equity activities in the third quarter.

Operating expenses increased EUR 73 million to EUR 1,235 million, due mainly to one-off IT costs, and impairments on goodwill and software.

- Operating result dropped by 10% and the cost/income ratio deteriorated to 67% from 63% in the third quarter as a result of higher expenses.

- Loan impairments in the fourth quarter amounted to EUR 768 million and include an additional impairment on the Greek Government-Guaranteed Corporate Exposures of EUR 380 million. This is in addition to the EUR 500 million impairment booked in the third quarter. Excluding these impairments, a rise of EUR 209 million was recorded due to the deteriorating economic environment in The Netherlands, resulting in a EUR 107 million increase in Commercial Banking.

- Tax expenses were EUR 135 million negative due mainly to the Greek loan impairments, as well as a tax provision release.

The number of FTEs declined quarter-on-quarter by 3% due to the sale of the international division of Fortis Commercial Finance (492 FTEs) and the Swiss Private Banking activities (323 FTEs).

7. TRENDS INFORMATION

7.1. Legal and arbitration proceedings

(i) Conversion of Mandatory Convertible Securities

On 7 December 2007, FBNH (which was legally succeeded by ABN AMRO Bank N.V. on 1 July 2010), Fortis Bank SA/NV, Fortis SA/NV (renamed Ageas SA/NV) and Fortis N.V. (renamed Ageas N.V.) issued EUR 2 billion of Mandatory Convertible Securities ("**MCS**").

The MCS matured on 7 December 2010 and converted into shares issued by Ageas pursuant to the applicable terms and conditions. Coupons on the securities were payable semi-annually, in arrears, at a rate of 8.75% annually. On 7 December 2010, the final semi-annual coupon was paid.

Prior to the issuance of the MCS, the four co-issuers entered into a Four Party Agreement, which describes the former intercompany obligations of the different parties with regard to the MCS. This includes – in ambiguous language - the contractual obligation for FBNH to issue to Fortis SA/NV and Fortis N.V an undetermined number of shares in its ordinary capital in consideration for the issue of shares by the latter parties to the holders of the securities upon conversion of the MCS. According to Ageas, the aforesaid contractual obligation has become enforceable due to the conversion of the MCS on 7 December 2010.

On 3 October 2008 the Dutch State acquired a controlling interest in FBNH. The Dutch State is of the opinion that the terms and conditions of the Term Sheet of 3 October 2008 includes a full and final release of the obligations, if any, of FBNH (and therefore also of the Issuer as its legal successor) under the Four Party Agreement. In addition, the Dutch State argues that the issue of shares to Ageas would not be consistent with the clear objective of the parties to the Term Sheet to transfer 100% ownership of FBNH to the Dutch State.

On 3 December 2010, the Dutch State lodged an attachment on the purported claim of Ageas under the Four Party Agreement. As evidenced by the attachment, the Dutch State strongly contests Ageas' position on the purported claim.

On 28 December 2010, Ageas initiated court proceedings in The Netherlands in which Ageas has claimed from ABN AMRO Group and the Issuer ordinary shares with a value of EUR 2 billion. Alternatively, Ageas has claimed monetary damages in the amount of EUR 2 billion. The Dutch State has joined the court proceedings as a party.

Since Ageas and the Dutch State have a different opinion whether the 3 October 2008 transaction included a full and final release of Ageas' purported claim, ABN AMRO Group and the Issuer will contest in court the claim of Ageas. Moreover, since the wording of the Four Party Agreement fails to unambiguously support (the value of) Ageas' purported claim, both ABN AMRO entities have adopted alternative defences under which the purported claim of Ageas, if upheld, could be satisfied by the issue of either (i) one ordinary share to each of ageas SA/NV and ageas N.V. to perfect the contemplated conversion of the MCS into equity, or (ii) the issue of ordinary shares to Ageas up to a value equal to the market value of the shares issued by Ageas upon conversion (approx. EUR 200 million). ABN AMRO Group and the Issuer strongly contest the purported obligation to pay Ageas any compensation in cash. The proceedings are still pending, without any material changes in 2011.

Given the complexity of this matter, it is impossible for ABN AMRO to predict the outcome of the pending court case, although the risk that the purported claim, if upheld, would be awarded in cash is in any event deemed small. For the same reason it is impossible to determine the fair value of this liability in a reliable way.

The liability under the Four Party Agreement does not qualify for derecognition from ABN AMRO's balance sheet under IFRS.

Until it is certain that ABN AMRO is legally released from the obligations, if any, under the Four Party Agreement as part of the agreements in respect of this transaction, derecognition of the liability from the balance sheet as a result of extinguishment of aforementioned obligations is not permitted by IFRS.

Under IFRS these obligations are required to be classified as a liability instead of equity since the number of shares to be issued by ABN AMRO Group or the Issuer, if any, for conversion of the liability is unclear as the contract does not stipulate a fixed amount of shares to be delivered.

In accordance with IFRS requirements the liability has therefore been retained in the balance sheet as at 31 December 2011.

(ii) Redemption of preference shares

The ABN AMRO Capital Finance Ltd preference shares were issued in 1999. ABN AMRO Capital Finance Ltd is a wholly-owned subsidiary. On 1 January 2010, and following the cash settlement of 29 June 2009, a number of 87,489 of remaining class A1 preference shares were outstanding with a total nominal value of EUR 87,489,000.

On July 1 2010, the class A1 preference shares were reclassified from Tier 1 to upper Tier 2 capital. On 16 August 2010 an announcement was made to call for redemption of all remaining outstanding class A1 preference shares on the dividend payment date of 29 September 2010.

Ageas initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank N.V. and the Dutch State claiming EUR 363 million compensation which Ageas was liable for on the cash settlement date. These proceedings are pending. In an initial summary hearing on 25 June 2009 the court ruled in favour of all claims against Ageas. ABN AMRO Capital Finance Ltd and ABN AMRO Bank N.V. continue to hold the opinion that Ageas is not entitled to any compensation.

(iii) Madoff fraud

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

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

7.2 European Commission State Aid Investigation

On 8 April 2009, the European Commission notified the Dutch State to initiate a procedure concerning potential state aid in connection with (i) the acquisition of FBN by the Dutch State on 3 October 2008 and (ii) the transfer of the 33.8% stake in RFS Holdings by FBN to the Dutch State on 24 December 2008.

On 8 February 2010, the European Commission gave preliminary approval of the recapitalisations executed by the Dutch State until 31 July 2010, which was prolonged on 30 July 2011. The European Commission also incorporated this capital rebalancing in the inquiry into state support measures it started in April 2009.

On 5 April 2011 the European Commission announced the outcome of its state aid investigation, approving under EU state aid rules the support package and restructuring plan for ABN AMRO Group, subject to certain conditions. These include a ban on acquisitions, and measures to stimulate competition in private banking in The Netherlands. Acquisitions are still possible if these are below a certain (cumulative) limit or are part of certain activities, such as private equity. Other conditions are a continuation of existing price leadership restrictions, a ban on advertising State ownership, an interest payment to the Dutch State of EUR 18 million based on a recalculation, the monitoring of net interest income levels and certain restrictions on coupon payments and calling of capital instruments.

The latter dictate that ABN AMRO shall not pay investors any coupon on existing core Tier 1, Tier 1 and Tier 2 capital instruments (including preference shares) or exercise any call option rights in relation to the same instruments until 10 march 2013 inclusive, unless there is a legal obligation to do so. The European Commission decision also allows ABN AMRO to make a dividend payment on its ordinary shares if the dividend payment exceeds EUR 100 million. This will oblige ABN AMRO to pay coupons on securities containing a dividend pusher. ABN AMRO announced on 4 March 2011 that, in consultation with the Dutch State, it had established a dividend policy that targets a dividend payout of 40% of the reported annual profit.

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

On 14 June 2011, ABN AMRO filed an appeal against the European Commission's decision, more precisely against the acquisition ban imposed thereby. However, the lodging of this appeal does not suspend the European Commission's decision. The European Commission now has to file its statement of defence.

7.3 EBA Stress Test and Capital Exercise

Stress Test

On top of the DNB and internal stress tests that are conducted as part of the bank's risk management processes, ABN AMRO participated in the EU-wide stress test executed by the European Banking Authority (the "**EBA**"). In July 2011, EBA presented the results of the 2011 stress test, which was conducted on the largest European banks. ABN AMRO passed the stress test, with capital levels exceeding the minimum requirements even under an adverse economic scenario.

Capital Exercise

In light of the further intensification of the European debt crisis in the third quarter of 2011, EBA proposed to conduct a capital exercise for larger European banks as part of the EU recapitalisation plan. In addition, banks were asked to provide extensive disclosure of their sovereign debt exposures. The proposal was agreed upon by the European Council on 26 October 2011 and EBA published the final results in December 2011. Banks are required to establish an exceptional and temporary buffer such that the core Tier 1 capital ratio under EBA definition reaches a level of 9% by the end of June 2012. ABN AMRO passed the 9% EBA core Tier 1 threshold and is therefore not required to raise its capital level under this plan.

7.4 Acquisition of parts of RBS Netherlands

On 1 May 2012, ABN AMRO completed the announced acquisition of part of the merchant banking activities of RBS Netherlands in The Netherlands, i.e. mergers & acquisitions, sector advisory, equity brokerage and capital structuring. The transaction aims to accelerate ABN AMRO's strategy of being the leading commercial and merchant bank for Dutch clients. As part of the acquisition, 62 former RBS Netherlands employees have joined ABN AMRO.

7.5 Sale of commercial insurance operations

On 12 April 2012, ABN AMRO announced that it had reached agreement with Aon about the sale of its commercial insurance broke activities for corporate clients. Its insurance operations for small and medium-sized businesses will be transferred to ABN AMRO Verzekeringen.

The sale of these insurance operations was prompted by a strategic reorientation at ABN AMRO, which ties in with the general trend in the financial sector towards greater separation of insurance and banking activities. ABN AMRO will continue to offer its customers commercial insurance products.

The commercial insurance activities provide work for 270 FTEs, approximately 74 of which will transfer to Aon. Another 116 FTEs will transfer to ABN AMRO Verzekeringen.

The sale is subject to usual conditions, such as Works Council advice, and is expected to be finalised in the first half of 2012.

7.6 Changes in prospects or financial position

There has been no material adverse change in the Issuer's prospects since 31 December 2011.

There have been no significant changes in the financial position of the Issuer and its subsidiaries since 31 December 2011.

There has been no material adverse change in ABN AMRO Group's prospects since 31 December 2011.

There have been no significant changes in the financial position of ABN AMRO Group and its subsidiaries since 31 December 2011.

8. PRESENTATION OF FINANCIAL INFORMATION

8.1 Annual Financial Statements 2011

The Annual Financial Statements 2011 are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on a mixed model valuation basis as follows:

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

Risk disclosures under IFRS 7, "Financial Instruments: Disclosures" about the nature and extent of risks arising from financial instruments are incorporated herein by reference to the audited Chapter 8 (*Risk Management*) and Chapter 10 (*Liquidity & Funding*) of the Managing Board report.

The Annual Financial Statements 2011 are presented in Euro, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise noted).

As a consequence of harmonisations, refinement of the accounting practices occurred in 2011, leading to minor netting adjustments and reclassifications in the consolidated statement of financial position, the statement of cash flows and the notes to the financial statements. The effects have been adjusted retrospectively. An overview of these adjustments is given below.

- As a consequence of the netting of residential mortgages with demand deposits EUR 1.9 billion has been netted (2010: EUR 1.8 billion) which impacts the consolidated statement of financial position for the line items loans and receivables – customers and due to customers;

- The netting of tax which impacts the current and deferred tax assets and current and deferred tax liabilities for EUR 40 million for current tax (2010: EUR 432 million) and EUR 139 million for deferred tax (2010: EUR 74 million).

8.2 Annual Financial Statements 2010

The Annual Financial Statements 2010 are the first consolidated annual financial statements prepared by ABN AMRO Group N.V. consolidating the businesses of ABN AMRO Bank N.V. for the year ended 31 December 2010.

The different steps leading to the creation of the Group have been accounted for in the Annual Financial Statements 2010 as described below.

The combination of ABN AMRO Group and ABN AMRO Bank is regarded as a continuation of the financial history of the Dutch State-acquired businesses of the former ABN AMRO Bank N.V., hence ABN AMRO Group applied the pooling of interest method. As a result, the Annual Financial Statements 2010 include the results of ABN AMRO Bank for the full annual period ended 31 December 2010, as if the combination of ABN AMRO Group and ABN AMRO Bank has existed in its current form as from 1 January 2010. Comparative information has been included for 2009 in the Annual Financial Statements 2010.

The acquisition of FBN by ABN AMRO Group has been accounted for using the pooling of interest method of accounting, since the acquisition qualifies as a common control transaction. Therefore, the Annual Financial Statements 2010 include the financial results of FBN for the full year ended 31 December 2010, as if the two banks have been together as of 1 January 2010. Comparative information has been included for 2009 in the Annual Financial Statements 2010.

For the reasons described above, the combination of ABN AMRO Group and ABN AMRO Bank and the subsequent acquisition by ABN AMRO Group of FBN have been accounted for without application of IFRS 3 Business Combinations. As a result, the assets, liabilities and contingent liabilities of ABN AMRO Bank and FBN have been recognised by ABN AMRO Group at their existing book values on the date of acquisition and no goodwill has been recognised by ABN AMRO Group.

A common set of accounting policies and principles has been defined for the new Group. To that end, the accounting policies and principles of ABN AMRO Bank and FBN have been harmonised. The cumulative adjustment as a result of a change in accounting policies for one of the two banks has been adjusted in the opening equity as at 1 January 2009. An overview of the effect of the accounting policy harmonisation is summarised below.

To align with the classification of line items as defined for the new Group, certain line items of ABN AMRO Bank and FBN have been reclassified.

The Annual Financial Statements 2010 are prepared in accordance with IFRS on a mixed model valuation basis as follows:

- Fair value is used for:
    - Derivative financial instruments,

    - Financial assets and liabilities held for trading or designated as measured at fair value through income; and

    - Available-for-sale financial assets;

- Other financial assets (including "loans and receivables") and liabilities are valued at amortised cost less any impairment if applicable;

- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk;

- Non-financial assets and liabilities are generally stated at historical cost;

- Risk disclosures under IFRS 7, "Financial instruments disclosures", about the nature and extent of risks arising from financial instruments are incorporated herein by reference to the audited Chapter 7 Risk Management of ABN AMRO Group N.V.'s Annual Report 2010.

The Annual Financial Statements 2010 are presented in euros, which is the functional currency of ABN AMRO, rounded to the nearest million (unless stated otherwise).

Harmonisation of accounting policies

The accounting policies used to prepare the Annual Financial Statements 2010 are consistent with those applied by the Issuer and FBN in their consolidated financial statements for the year ended 2009 except for the harmonisation of accounting policies as described below.

The harmonisation of accounting policies of ABN AMRO Bank and FBN entailed alignment of choices given within IFRS as well as the practical application of accounting policies. The harmonisation primarily related to accounting for the determination of loan loss impairments, credit valuation adjustments and joint ventures.

To determine the amounts of loan loss impairments ABN AMRO took into account the impact of discounting expected recoveries of collateral and other cash flows whereas FBN did not. The approaches have been aligned and it has been decided to adopt the ABN AMRO approach going forward.

Both banks calculate Credit Valuation Adjustments (CVA), mainly counterparty risk related to interest rate derivatives, but the policy is implemented differently. The main difference relates to the determination of the estimated credit risk. FBN used a Basel II oriented approach (probability of default loss given default) whereas the Issuer used a Risk Adjusted Return On Capital (RAROC) credit margin. It has been decided to use the ABN AMRO approach going forward.

The provision for incurred but not identified losses (IBNI) is also harmonised for the loss identification period, the cure rate and the risk portfolios it applies to. The FBN method will be used going forward.

In anticipation of Exposure Draft 9, the consolidation of joint ventures has been harmonised to equity accounted investments. Given the Issuer's proportionally consolidated joint ventures in the past, the presentation in the statement of financial position and income statement has been adjusted. There is no impact on equity as a result of this adjustment.

Furthermore, there have been alignments in the classifications of certain items in the income statement, such as the classification of commitment fees, expenses for external staff and elements of trading income. These alignments do not have any impact on ABN AMRO's equity.

As stated in the basis of the presentation section, the pooling of interest method has been used. Consequently, ABN AMRO Group as a newly established entity determined its accounting policies from the start and there is no difference between accounting policy changes and changes in accounting estimate. All accounting policies were therefore harmonised as from 1 January 2009, the first date presented in ABN AMRO Group N.V.'s Annual Report 2010.

9. General information

Documents available for inspection or collection

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

i. The English translation of the articles of association of the Issuer;

ii. ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2011 (as set out on pages 149 to 155 in relation to the financial statements 2011, including the notes to the consolidated financial statements as set out on pages 156 to 272, pages 76 to 109 (certain information in Chapter 8 (*Risk management*)), pages 118 to 131 (certain information in Chapter 10 (*Liquidity and funding*)), the auditors' report thereon on pages 273 and 274, and the Section "*Notes to the reader*" in the inside cover, all as included in ABN AMRO Group N.V.'s Annual Report 2011) (the "**Annual Financial Statements 2011**");

iii. Chapter 8 (*Risk management*), Chapter 9 (*Capital management*) and Chapter 10 (*Liquidity and funding*) and Chapter 11 (*Integration*) on pages 76 to 134 and Chapter 20 (*Definitions of important terms*) and Chapter 21 (*Abbreviations*) on pages 288 to 293 of ABN AMRO Group N.V.'s Annual Report 2011;

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

v. ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2010 (as set out on pages 131 to 137 in relation to the financial statements 2010, including the notes thereto as set out on pages 138 to 257, pages 62 to 97 (certain information in Chapter 7 (*Risk management*)), the auditors' report thereon on pages 258 and 259, and the Section "*Important notes to the reader*" in the inside cover, all as included in ABN AMRO Group N.V.'s Annual Report 2010) (the "**Annual Financial Statements 2010**"); and

vi. The Issuer's publicly available unaudited abbreviated financial statements 2010 for the financial year ended 31 December 2010 (including the notes to the financial statements) prepared on the basis of article 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*);

vii. The press release titled "ABN AMRO reports first-quarter 2012 underlying profit of EUR 486 million";

viii. The most recently available annual report of ABN AMRO Group N.V. and its consolidated subsidiaries and the most recently available published interim financial statements of the ABN AMRO Group N.V. (in English and if any);

ix. A copy of the Registration Document; and

x. Any future supplements to the Registration Document and any other documents incorporated herein or therein by reference.

Significant change

There has been (i) no material adverse change in the Issuer's prospects or (ii) significant change in the financial position of the Issuer and its subsidiaries since 31 December 2011.

Litigation

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Registration Document, a significant effect on the financial position or profitability of the Group and/or the Issuer and its subsidiaries.

Statutory auditors

The Annual Financial Statements 2011 and the Annual Financial Statements 2010 have been audited all without qualification by KPMG Accountants N.V., chartered accountants (*registeraccountants*). KPMG's address is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands. The individual auditors of KPMG are members of the NIVRA. The auditor's reports in respect of the financial year ended 31 December 2011 and the financial year ended 31 December 2010 with regard to ABN AMRO Group N.V. are incorporated by reference herein included in the form and content in which it appears with the consent of KPMG Accountants N.V., who have authorised the contents of this auditors' report.

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