ABN·AMRO

interim financial report 2011

ABN AMRO Group N.V.

Important notes to the reader

Introduction

This is the interim financial report for the first half year of 2011 of ABN AMRO, which consists of ABN AMRO Group N.V. and its consolidated subsidiaries. The interim financial report consists of the Interim Managing Board report and the Condensed Consolidated Interim Financial Statements.

Presentation of information

The financial information contained in this interim financial report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The interim financial report does not include all the information and disclosures provided by the Annual Report and should therefore be read in conjunction with the Annual Report 2010 of ABN AMRO Group N.V.

The current legal structure of ABN AMRO Group is a result of various steps taken in 2010. An overview of these steps is provided in section 10, Separation & integration in the Annual Report 2010 of ABN AMRO Group N.V. As a result of the integration, the current segment reporting is still subject to minor changes.

This interim financial report is presented in euros (EUR), which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated). All half-year-end averages in the interim financial report are based on month-end figures. Management does not believe that these month-end averages present trends materially different from those that would be presented by daily averages.

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

This interim financial report excludes the direct interest held by the State of the Netherlands (Dutch State) in the so-called shared assets included in RFS Holdings B.V.

Definitions of important terms used throughout this report

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

ABN AMRO Bank
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.

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'). On 3 October 2008 the State of the Netherlands became the successor of Ageas.

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., which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.

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

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.

Shared assets
refers to assets and liabilities that have not yet been settled between the Consortium members and in which each of the Consortium members has a joint and indirect interest.

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Chairman's Review 1

The first six months of 2011 were marked by increasing uncertainty over sovereign debt, which resulted in more challenging business conditions. Nevertheless, our businesses have continued to show good commercial growth and we recorded an underlying net profit of EUR 974 million in the first six months of 2011, compared with EUR 325 million in the same period last year. The resilience of Retail & Private Banking was reflected in an almost unchanged net result. Commercial & Merchant Banking showed significantly higher revenues and net profit year-on-year, as competencies were rebuilt in 2010. And lastly, Group Functions made a small profit, benefiting from lower capital costs and several positive one-off items. We are pleased to announce that we will pay an interim dividend of EUR 200 million on our ordinary shares.

The impact of the government debt concerns on the global economy is still unclear. Though our resilient businesses and strong capital base put us in a good position, we remain cautious for the remainder of the year. We continue to expect impairments to be somewhat higher in the second half and pressure on interest margins to increase. Our first-half year results should therefore not be extrapolated to the remainder of the year.

It has been a year since the merger of two banks created the new ABN AMRO and significant benefits have since been realised. We are on schedule and more than halfway through the integration, which will run until the end of 2012. The benefits of the first year of integration are visible in the improvement of the underlying cost/income ratio, from 75% a year ago to 63% in the first six months of 2011.

Following the first phase of the integration, we have increased our ambition levels. This has resulted in additional initiatives and more ambitious goals for the short and medium term. These initiatives are geared to further increase customer focus and improve operational excellence, the combination of which we call customer excellence. The programme specifically identifies and improves those aspects of our service which matter most to our clients. Examples are the simplification of our product offering as well as additional training for our international Private Banking employees. Innovation is also a key part of the programme. The recent release of several applications for smartphones and tablets is an example, which has received top reviews from our clients. In addition, the customer excellence programme aims to improve the efficiency of our service, processes and systems. Many processes are redesigned to make them more efficient and relevant to serving our clients. Local branches have been given additional authorisation power to be able to more efficiently serve our clients, and internal bureaucracy will be reduced.

Unfortunately, this can not be realised without an impact on our employees. At this point, we expect a reduction of 2,350 positions over the next 3-4 years as a result of the customer excellence programme. Despite our continuous efforts to keep redundancies to a minimum, we expect 1,500 redundancies and 850 positions to be reduced through natural attrition. At the same time, we expect to create 450 new jobs. The labour unions and the Labour Council have been informed of these plans, and a restructuring provision of EUR 200 million has been recorded for this purpose in the first half of 2011. In the medium term, these measures are expected to lead to a structural cost reduction in excess of the restructuring provision as well as further growth of revenues. Under normal economic and business conditions and depending on the impact of further legislation for the financial sector, the customer excellence initiatives should result in a cost/income ratio structurally below 60% by 2014.

Gerrit Zalm
Chairman of the Managing Board of ABN AMRO.

operating and financial review 2

This operating and financial review includes a discussion and analysis of ABN AMRO's results of operations and financial condition for the six-month period to 30 June 2011. This Review should be read in conjunction with the Condensed Consolidated Interim Financial Statements 2011 and the Annual Report 2010. The section 'Important notes to the reader' provides more information on the scope applied to the financial information.

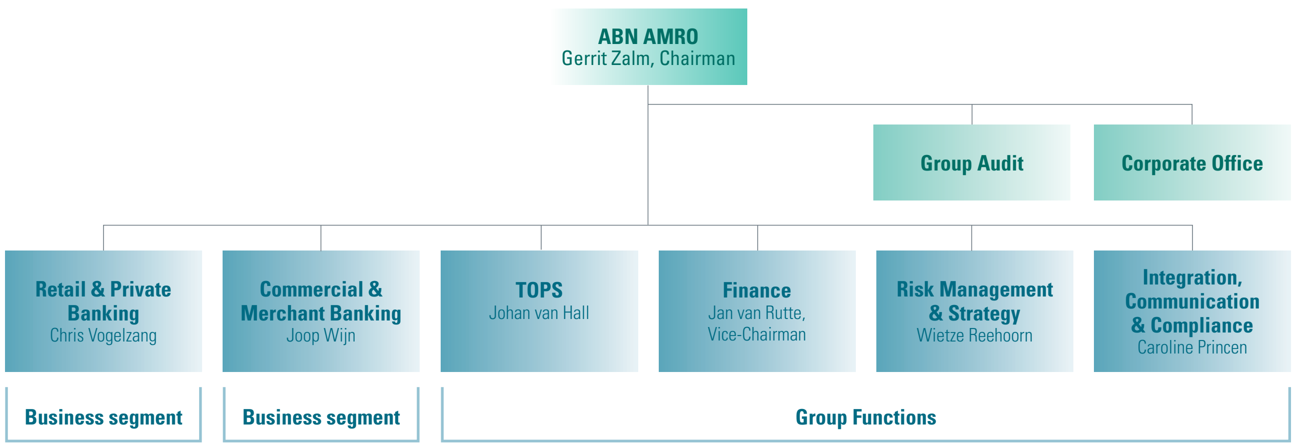
ABN AMRO is organised into two business segments, Retail & Private Banking (R&PB) and Commercial & Merchant Banking (C&MB), and a support segment, Group Functions. A detailed description of the segments is provided in section 5 of the Annual Report 2010.

The operating results of the activities of Prime Fund Solutions (PFS) (sold on 30 April 2011) and of NEW HBU II N.V. and IFN Finance B.V. (sold together under the EC Remedy on 1 April 2010) have been included in the segment Group Functions until the date of completion of the divestment.

The operating results of the non-Dutch activities of Fortis Commercial Finance (factoring), the sale of which was announced on 10 June 2011, are included in the segment Commercial & Merchant Banking until the date of completion of the divestment (closing is expected in the fourth quarter of 2011).

Profit for the period

The reported net profit for the first half of 2011 was EUR 864 million and includes EUR 110 million net-of-tax separation and integration related costs.



The reconciliation of the reported and underlying results is shown below.

	Reported		Separation & integration-related costs		Underlying		
(in millions of euros)	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010	change
Net interest income	2,566	2,436			2,566	2,436	5%
Non-interest income	1,544	401		-812	1,544	1,213	27%
Operating income	**4,110**	**2,837**		**-812**	**4,110**	**3,649**	13%
Operating expenses	2,744	3,390	146	646	2,598	2,744	-5%
Loan impairments	310	348			310	348	-11%
Operating profit before taxes	**1,056**	**-901**	**-146**	**-1,458**	**1,202**	**557**	116%
Income tax	192	67	-36	-165	228	232	-2%
Profit for the period	**864**	**-968**	**-110**	**-1,293**	**974**	**325**	200%
Cost/income ratio	67%	119%			63%	75%	

Other items

	30 June 2011	31 December 2010	change
Assets under Management (in EUR billion)	162.1	164.2	-1%
Risk-Weighted Assets (in EUR billion)	109.1	116.3	-6%
FTEs (end of period)	25,112	26,161	-4%

The following analysis is based on the underlying results.

Underlying results first half 2011

Profit for the first half of 2011 amounted to EUR 974 million compared with EUR 325 million in the first half of 2010.

The results include several incidental items in both years. Net profit for the first half of 2011 includes a restructuring provision of EUR 149 million after tax (EUR 200 million pre-tax), which was offset by several one-offs [1] (totalling approximately EUR 150 million after tax). Net profit for the first half of 2010 was negatively impacted by litigation provisions and expenses (totalling EUR 265 million pre-tax and after tax) and included costs for capital instruments and a credit protection instrument, which were called or converted in the course of 2010. The costs of these instruments in the first half of 2010 amounted to EUR 188 million after tax.

Also if these items are taken into consideration, net profit showed a sharp improvement year-on-year thanks to further growth in revenues, especially in C&MB. In addition, costs were contained and impairments remained low.

[1] The one-offs include 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.

Operating income

Operating income increased by 13% or EUR 461 million year-on-year.

Net interest income increased by 5% year-on-year despite a lower contribution from the divested activities [2]. This was partly due to the conversion of the abovementioned capital instruments.

The mortgage portfolio, consisting of predominantly Dutch prime residential mortgages, showed a marginal decline in the first half of 2011 due to lower new production. New mortgage loan production was at stable margins. The volume and the margin on the consumer loan book showed a modest decline in the first six months of 2011.

Growth in the commercial loan portfolio of Commercial & Merchant Banking (excluding securities financing) – amongst others in Business Banking and Corporate Clients as well as Energy, Commodities & Transportation (ECT) – was offset by the sale of the Prime Fund Solutions (PFS) activities. C&MB continues to reap the benefits from the expansion of the product offering and rebuilding of the network serving Dutch clients in the Netherlands and abroad, initiated in 2010.

Both R&PB as well as C&MB saw increases in total deposits, which compensated for the sale of the PFS activities.

Non-interest income was 27% higher year-on-year. C&MB benefited from the introduction of new products and higher client activity. In addition, several positive one-offs were recorded (approximately EUR 120 million).

Operating expenses

Operating expenses were 5% lower as operating expenses in the first-half 2010 included high legal provisions and expenses and the operating expenses of activities now divested. The first half of 2011, however, included a restructuring provision of EUR 200 million (for further details, please refer to page 8). Excluding all these items, operating expenses increased by 1%. Higher pension costs and a wage increase in 2011 masked the structural lowering of the cost base following the integration of the retail branch network in the Netherlands in the second half of 2010.

The cost/income ratio improved to 63% from 75% in the first half of 2010.

Loan impairments

Loan impairments decreased by 11% or EUR 38 million as impairments at R&PB and C&MB were lower year-on-year. R&PB recorded lower impairments within the consumer loan portfolio, which were offset by slightly higher impairments in the mortgage portfolio albeit still at relatively low levels. Loan impairments of C&MB benefited from releases in Large Corporates & Merchant Banking and lower provisions in Business Banking (SME [3] banking). These were only partly offset by higher impairments in Corporate Clients. Both the first half of 2010 and the first half of 2011 included releases that were reported in Group Functions (EUR 51 million in 2010 from the EC Remedy activities and EUR 52 million was recovered from an impaired loan related to the Madoff fraud in 2011).

FTEs

The total number of full-time equivalents excluding temporary staff (FTEs) declined by 1,049 in the first six months of the year due to the divestment of PFS (-472 FTEs) and as a result of integration.

Dividend

The dividend policy agreed earlier this year with the shareholders targets a dividend payout of 40% of the net reported annual profit. ABN AMRO will pay an interim dividend of EUR 200 million on the ordinary shares. Payment of an interim dividend is subject to the prior distribution of the credit balance of the dividend reserve A of EUR 25 million to the holder of the non-cumulative preference shares for which the required approval was obtained.

[2] The divested activities (NEW HBU II N.V. and IFN Finance B.V., sold together under the EC Remedy on 1 April 2010 and the activities of Prime Fund Solutions (sold on 30 April 2011)) were included in the results until the date of completion of the sale.

[3] Small & medium sized enterprises (SME).

Customer excellence programme

Having completed the first phase of the integration, we have increased our ambition levels. This has resulted in additional initiatives and more ambitious goals for the short and medium term. The initiatives are geared to further increase customer focus and improve operational excellence, the combination of which we call customer excellence.

This programme specifically identifies and aims to improve those aspects of our service which matter most to our clients. This has already led to a simplification of our product offering. Improvements will be made to the readability of contracts and other communication for many products. Contemporary communication tools will be developed for direct customer channels. An example is the recently released 'mobile banking' application for smartphones and tablets. In addition, the customer excellence programme aims to improve the efficiency of our service, processes and systems. Many processes are already being redesigned to make them more efficient and relevant to serving our clients. Local branches are given additional authorisation power to be able to more efficiently serve our clients and internal bureaucracy will be strongly reduced. Also, departments have reviewed possibilities to improve efficiency while simultaneously raising productivity.

Unfortunately, the identified efficiency measures will have an impact on staff levels. At this point, we expect a reduction of 2,350 positions until the end of 2014 as a result of the customer excellence programme. At the same time, we expect to create 450 new positions because of new growth initiatives. Despite our continuous efforts to keep redundancies to a minimum, we expect 1,500 redundancies and 850 positions to be reduced through natural attrition. Most of the redundancies will be in back-office departments (Operations and IT), but there will also be redundancies in Group Functions and R&PB. A restructuring provision of EUR 200 million pre-tax (EUR 149 million after tax) has been recorded in the first half of 2011. In the medium term, these measures are expected to lead to a structural cost reduction in excess of the restructuring provision as well as further growth of revenues. The resulting cost reductions are in addition to the integration benefits. The initiatives should result in a cost/income ratio structurally below 60% by 2014 under normal economic and business conditions and depending on the impact of further legislation on the financial sector.

Statement of financial position

(in millions of euros)	30 June 2011	31 December 2010
Cash and balances at central banks	927	906
Financial assets held for trading	28,696	24,300
Financial investments	18,847	20,197
Loans and receivables - banks	49,770	41,117
Loans and receivables - customers	281,563	273,944
Other	16,965	16,818
Total assets	**396,768**	**377,282**
Financial liabilities held for trading	22,230	19,982
Due to banks	27,713	21,536
Due to customers	217,310	209,466
Issued debt	90,815	86,591
Subordinated liabilities	8,379	8,085
Other	17,389	19,510
Total liabilities	**383,836**	**365,170**
Equity attributable to the owners of the parent company	12,911	12,099
Equity attributable to non-controlling interests	21	13
Total equity	**12,932**	**12,112**
Total liabilities and equity	**396,768**	**377,282**

Please note that a further refinement of accounting harmonisation during the half year ended 2011, has led to netting adjustments and reclassification of line items in the statement of financial position. The effects of these harmonisations have been adjusted retrospectively. For further details please see page 50 'Basis of presentation' of the Condensed Consolidated Interim Financial Statements.

Total assets

On 30 June 2011, total assets were EUR 396.8 billion. The increase of EUR 19.5 billion, or 5.2%, compared to 31 December 2010 was predominantly attributable to an increase in client flows from the securities financing [1] and equity derivatives activities [2]. The year-end 2010 balance sheet includes the activities of PFS (which were sold on 30 April 2011).

Financial investments recorded a EUR 1.4 billion decrease, mainly due to a maturing transaction. Compared to year-end 2010, the amount invested in mainly Dutch government bonds increased as a result of active management of the liquidity buffer.

Excluding the securities financing activities, Loans and receivables - customers decreased by EUR 2.5 billion. This decline is partly due to the sale of the PFS activities.

[1] Client flow from securities financing activities include all repo-, reverse repo and securities lending and borrowing transactions and are recorded under Loans and receivables to customer and banks and Due to customers and banks

[2] Client flow from equity derivatives business is mainly recorded in assets and liabilities held for trading

Loans and receivables - customers

(in millions of euros)	30 June 2011	31 December 2010
L&R - customers other (incl. impairments)	**257,095**	**259,605**
R&PB	179,360	183,957
C&MB	74,142	70,420
Group Functions	3,593	5,228
Securities financing activities	**24,468**	**14,339**
Total loans and receivables - customers	**281,563**	**273,944**

The decrease of EUR 4.6 billion in R&PB's loan portfolio was partly caused by a decline of EUR 1.4 billion in the mortgage loans. The volume of new production of Dutch residential mortgages is still well below pre-crisis levels, due in part to stricter lending criteria. As of 30 June 2011, the amount of outstanding prime residential mortgages, predominantly Dutch, was EUR 158.1 billion. An internal transfer of an SME portfolio from R&PB to C&MB and a small (seasonal) decrease in the consumer loan book further explain the decrease of the R&PB loan portfolio.

C&MB's loan portfolio increased as a result of further growth in Business Banking and Corporate Clients as well as ECT and the abovementioned internal transfer of an SME portfolio from R&PB. The decline of the loan portfolio at Group Functions was mainly caused by the sale of PFS.

Total liabilities

Total liabilities were up by EUR 18.7 billion to EUR 383.8 billion. The increase was predominantly linked to the growth in client flow in the securities financing and equity derivatives activities.

Due to customers

(in millions of euros)	30 June 2011	31 December 2010
Total deposits	**190,020**	**190,498**
R&PB	126,449	123,181
C&MB	58,441	57,965
Group Functions	5,130	9,352
Other (incl. securities financing activities)	**27,290**	**18,968**
Total due to customers	**217,310**	**209,466**

Higher deposits at R&PB and to a lesser extent at C&MB offset the deposits lost following the sale of the PFS activities. Hence Due to customers remained almost flat in the first six months of 2011 (excluding the securities financing activities).

Issued Debt increased by EUR 4.2 billion to EUR 90.8 billion and is broadly diversified by market and product. In the first half of 2011, a significant amount of long-term funding was raised by issuing senior unsecured, covered bonds and structured notes.

Total equity rose by more than EUR 0.8 billion to EUR 12.9 billion mainly due to the year-to-date reported net profit of EUR 864 million.

Segment reporting

From 2011, cost allocation has been refined further. Almost all Group Functions costs are now allocated to the business segments. The year-on-year comparison of the results of the two business segments is impacted by this further refinement in cost allocation. Not allocated are amongst others the operating income from ALM/ Treasury, general restructuring charges, certain integration costs, and costs for the Dutch Deposit Guarantee System.

Retail & Private Banking

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 business description is provided in section 5 of the Annual Report 2010.

Underlying results R&PB

(in millions of euros)	H1 2011	H1 2010	change
Net interest income	1,597	1,730	-8%
Non-interest income	622	649	-4%
Operating income	**2,219**	**2,379**	-7%
Operating expenses	1,317	1,426	-8%
Loan impairments	136	141	-4%
Operating profit before taxes	**766**	**812**	-6%
Income tax expenses	174	216	-19%
Profit for the period	**592**	**596**	-1%
Underlying cost/income ratio	59%	60%	

Other items

	30 June 2011	31 December 2010	change
Loans and receivables customers (in EUR billion)	179.4	184.0	-2%
Due to customers (in EUR billion)	126.5	123.2	3%
Assets under Management (in EUR billion)	162.1	164.2	-1%
Risk-Weighted Assets (in EUR billion)	45.6	49.6	-8%
FTEs (end of period)	10,768	11,132	-3%

Please note that FBN's small and medium-sized enterprise clients were included in the results of R&PB until November 2010. As from that date, these results are included in C&MB.

Underlying results first half of 2011

The underlying profit over the first half of 2011 remained virtually unchanged compared to the same period in 2010 at EUR 592 million.

Operating income

Operating income for the first half of 2011 declined by 7% compared to the first half of 2010.

Net interest income in R&PB showed a 8% decline as approximately EUR 100 million of interest income was transferred to other segments following the transfer of SME clients to C&MB and the transfer of the mismatch result on part of the mortgage portfolio to Group Functions.

The volume of new production of Dutch residential mortgages is still well below pre-crisis levels. Notwithstanding stricter lending criteria, new production was EUR 3.7 billion in the first six months of 2011. The total mortgage portfolio showed a marginal decline over the first half year of 2011. New mortgage production volumes are expected to increase during the remainder of the year as the Dutch government has lowered the property transfer tax for a period of one year starting 1 July 2011 to stimulate the residential property market. The decline in the commercial loan book in the first six months of 2011 is attributable to an internal transfer of a SME portfolio to C&MB. Consumer loans also showed a small decline in the first six months of 2011. Margins on consumer loans showed a limited decline over the same period.

Total deposits increased by EUR 3.3 billion over the half-year period. Margins on deposits held up well in the first half of the year despite rising interest rates. We expect margins to come under pressure in the remainder of the year.

Non-interest income fell by 4% or EUR 27 million. This decline was mainly caused by lower client trading activity compared to first-half 2010 on the back of market volatility and uncertainty. Assets under Management (AuM) came down by EUR 2.1 billion, as several clients transferred their securities to a registrar prior to effectuation on 1 July 2011 of certain amendments to the Securities Giro Act limiting the physical delivery of securities. These transfers (EUR 4.5 billion) had no impact on fee income.

Operating expenses

Operating expenses declined by 8% or EUR 109 million. The integration of the branch network in the Netherlands was completed by mid-2010, leading to significantly lower staffing levels from second half of 2010. Furthermore, operating expenses in the previous year included legal provisions. The decline in operating expenses was partly offset by higher cost allocation and higher pension costs in 2011.

The cost/income ratio remained virtually flat at 59%.

Loan impairments

Loan impairments showed a modest decline of EUR 5 million to EUR 136 million. Loan impairments within the consumer loan portfolio were lower and Private Banking saw some releases in its portfolio. Impairments in the mortgage portfolio remained at relatively low levels though increased slightly as a result of lower market prices upon a forced sale after the default of a borrower.

Commercial & Merchant Banking

C&MB is organised into Business Banking, Corporate Clients, Large Corporates & Merchant Banking (LC&MB) and Markets, and Marketing & Products, a central unit supporting these businesses. A business description is provided in section 5 of the Annual Report 2010.

Underlying results C&MB

(in millions of euros)	H1 2011	H1 2010	change
Net interest income	881	792	11%
Non-interest income	694	537	29%
Operating income	**1,575**	**1,329**	19%
Operating expenses	1,007	1,060	-5%
Loan impairments	191	231	-17%
Operating profit before taxes	**377**	**38**	
Income tax expenses	57	36	58%
Profit for the period	**320**	**2**	
Underlying cost/income ratio	64%	80%	

Other items

	30 June 2011	31 December 2010	change
Loans and receivables customers (in EUR billion)	98.6	84.7	16%
Due to customers (in EUR billion)	85.5	76.7	12%
Risk-Weighted Assets (in EUR billion)	57.9	61.4	-6%
FTEs (end of period)	5,954	5,849	2%

Please note that FBN's small and medium-sized enterprise clients were included in the results of R&PB until November 2010. As from that date, these results are included in C&MB.

Underlying results first half of 2011

C&MB's profit for the first-half 2011 was EUR 320 million compared with EUR 2 million over the same period in 2010. Net profit in the first half of 2010 included large legal provisions and expenses.

Operating income

Operating income was 19% higher at EUR 1,575 million, driven by an 11% increase in net interest income and a 29% increase in non-interest income.

The increase in net interest income was driven mainly by growth in volume and margin of the loan portfolio. C&MB's loan portfolio (excluding the securities financing activities) grew EUR 3.7 billion in the first-half 2011 benefiting from an internal transfer of an SME portfolio from R&PB and from further growth of the business, especially in Business Banking, Corporate Clients and ECT.

Non-interest income increased by EUR 157 million in the first half of 2011 mostly driven by increased client volumes and the introduction of new products. Several credit value adjustments (counterparty risk related to interest rate derivatives), higher private equity revaluations and a reclassification from net interest income to non-interest income also resulted in higher non-interest income. Higher volumes in our equity derivatives business also contributed to the increase of C&MB's net interest income.

Operating expenses

Operating expenses decreased by 5% as the first half of 2010 included high legal provisions and expenses which did not recur in 2011. The refinement in cost allocation in 2011 and the expansion of our international activities led to an increase of operating expenses.

The cost/income ratio improved from 80% in the first half of 2010 to 64% in the first half of 2011.

Loan impairments

Loan impairments decreased by EUR 40 million, or 17%, mainly as a result of releases in LC&MB and lower impairments in Business Banking. Loan impairments in the Corporate Clients portfolio increased as several larger impairments were taken in the first half of 2011.

Group Functions

Group Functions supports ABN AMRO´s businesses and comprises Technology, Operations & Property Services (TOPS); Finance; Risk Management & Strategy; Integration, Communication & Compliance; Group Audit and the Corporate Office. The results of Group Functions include those for ALM/Treasury. Group Functions also includes operating results from divested activities. A business description is provided in section 5 of the Annual Report 2010.

Underlying results Group Functions

(in millions of euros)	H1 2011	H1 2010	change
Net interest income	88	-87	
Non-interest income	228	29	
Operating income	**316**	**-58**	
Operating expenses	274	259	6%
Loan impairments	-17	-24	-29%
Operating profit before taxes	**59**	**-293**	
Income tax expenses	-3	-20	-85%
Profit for the period	**62**	**-273**	

Other items

	30 June 2011	31 December 2010	change
Loans and receivables customers (in EUR billion)	3.6	5.2	-31%
Due to customers (in EUR billion)	5.3	9.6	-45%
Risk-Weighted Assets (in EUR billion)	5.6	5.4	4%
FTEs (end of period)	8,390	9,180	-9%

Underlying results first half of 2011

The results in both years include several incidental items. Net profit for the first half of 2011 includes a restructuring provision of EUR 149 million (after tax), which was largely offset by several one-offs of approximately EUR 120 million (after tax). In addition, net profit for the first half of 2010 included costs for capital instruments and a credit protection instrument, which were called or converted in the course of 2010. The costs of these instruments in the first half of 2010 amounted to EUR 188 million after tax.

Group Functions' net result increased by EUR 335 million to a profit of EUR 62 million in the first half of 2011. The increase in net profit is due to lower capital costs (see above) and a further refinement in cost allocation (please see page 11).

Operating income

Operating income increased by EUR 374 million. Net interest income increased by EUR 175 million. Excluding the divested activities, net interest income increased by EUR 249 million from EUR -164 million to EUR 85 million. Non-interest income increased by EUR 199 million. Excluding divested activities, non-interest income increased by EUR 242 million from EUR -35 million to EUR 207 million.

A further refinement of transfer pricing policies, the transfer of the mismatch result on part of the mortgage portfolio from R&PB to Group Functions, hedge accounting ineffectiveness and positive one-offs totalling approximately EUR 100 million (all in the first half of 2011) contributed to the increase. In addition, the first-half 2010 included costs on the abovementioned capital instruments.

Operating expenses

Operating expenses increased by EUR 15 million or 6%. Excluding divested activities, operating expenses increased from EUR 109 million to EUR 239 million. Operating expenses in the first-half 2011 include a EUR 200 million restructuring provision and an additional EUR 18 million charge for the Dutch Deposit Guarantee Scheme relating to DSB subordinated deposits. As more costs were allocated to the business segments, operating expenses of Group Functions (excluding the latter two items) were significantly lower.

FTEs decreased by 790, or 9%, in the first six months, mainly as a result of the integration and the sale of PFS (-472 FTEs).

Loan impairments

Loan impairments showed a net release of EUR 17 million in the first half of 2011. In the same period in 2010, loan impairments included a release in the EC Remedy activities amounting to EUR 51 million, in the first half of 2011 an amount of EUR 52 million was recovered on a Madoff related loan leading to a partial release of the provision recorded in December 2008.

Update since 30 June 2011

EBA stress test

ABN AMRO announced on 15 July 2011 [1] that it remained substantially above the stress test threshold of 5% Core Tier 1 ratio as defined by the European Banking Authority (EBA). The assumptions and methodology were established to assess banks' capital adequacy against a 5% Core Tier 1 capital benchmark as defined by EBA. The purpose of the test was to restore confidence in the resilience of the banks tested. The adverse stress test scenario was set by the ECB and covered a two-year time horizon (2011-2012). The stress test was carried out using a static balance sheet assumption as at December 2010. The stress test did not take into account future business strategies and management actions and was not a forecast of ABN AMRO's profits. Under the adverse scenario, the estimated consolidated Core Tier 1 capital ratio of ABN AMRO as defined by EBA would have been 9.2% in 2012, compared with 9.9% at year-end 2010.

Sovereign and sovereign-guaranteed exposures

Page 21 provides an overview of ABN AMRO's sovereign and sovereign-guaranteed exposures.

Our Greek position consists of loans to state-owned corporates and all financial obligations have been met until today. A new legislation framework has been adopted in Greece that would allow for possible restructuring of certain state-owned corporates and their debt. The implementation of these laws requires additional regulations and approval from several government ministries. To date, these have not been approved nor executed. Furthermore, ABN AMRO has identified legal constraints on the implementation of these laws and is currently assessing the potential consequences in the event the laws will be implemented, as this may have an impact on the Greek government-guaranteed exposures.

[1] For more information on the EBA stress test please refer to the press release issued by ABN AMRO on 15 July 2011 on our website www.abnamro.com/press

It is not clear yet (i) if and when implementation will take place; (ii) what the situation in general, and for ABN AMRO more specific, will be after this potential implementation, and therefore it is also still unclear (iii) which possible actions ABN AMRO can take to preserve its rights after implementation. If it does go ahead and the restructuring of the loans creates a situation whereby the Greek State instead of the state-owned corporates becomes our counterpart, EU Private Sector Involvement Programme (PSI) as announced on 21July 2011 could possibly apply to ABN AMRO as well. However, at this point, this is still unclear and pending further investigation.

Sale of Swiss Private banking activities

ABN AMRO announced on 16 August 2011 it had reached an agreement with Union Bancaire Privée, UBP SA, on the sale of its Swiss Private Banking activities. Following a strategic review, ABN AMRO decided to focus its Private Banking activities on strengthening its top 3 position in the Eurozone and to accelerate its growth in Asian markets. As a consequence, ABN AMRO decided to divest its Private Banking activities in Switzerland.

ABN AMRO's Swiss Private Banking activities serve clients from around 100 different countries with assets of approximately EUR 11 billion, and employing around 350 experienced professionals in 4 locations. The planned sale is expected to result in a solid book gain and is subject to certain conditions, including approval by the relevant regulatory and merger control authorities. Final closing is expected in the fourth quarter of 2011.

Reconciliation from reported to underlying results

Please find below a more detailed overview of the separation and integration-related costs as well as a reconciliation of the reported and underlying results.

Separation and integration related costs

	H1 2011		H1 2010	
(in millions of euros)	Gross	Net	Gross	Net
R&PB	1	1	14	10
C&MB			10	8
Group Functions			38	29
Separation costs	**1**	**1**	**62**	**47**
R&PB	13	10	8	6
C&MB	6	4	5	3
Group Functions (incl. restructuring provision)	126	95	571	425
Integration costs	**145**	**109**	**584**	**434**
Closing EC Remedy			**812**	**812**
Total	**146**	**110**	**1,458**	**1,293**

Retail & Private Banking

(in millions of euros)	Reported H1 2011	Reported H1 2010	Separation & integration-related costs H1 2011	Separation & integration-related costs H1 2010	Underlying H1 2011	Underlying H1 2010
Net interest income	1,597	1,730			1,597	1,730
Non-interest income	622	649			622	649
Operating income	**2,219**	**2,379**			**2,219**	**2,379**
Operating expenses	1,331	1,448	14	22	1,317	1,426
Loan impairments	136	141			136	141
Operating profit before taxes	**752**	**790**	**-14**	**-22**	**766**	**812**
Income tax	171	210	-3	-6	174	216
Profit for the period	**581**	**580**	**-11**	**-16**	**592**	**596**
Cost/income ratio	60%	61%			59%	60%

Commercial & Merchant Banking

(in millions of euros)	Reported H1 2011	Reported H1 2010	Separation & integration-related costs H1 2011	Separation & integration-related costs H1 2010	Underlying H1 2011	Underlying H1 2010
Net interest income	881	792			881	792
Non-interest income	694	537			694	537
Operating income	**1,575**	**1,329**			**1,575**	**1,329**
Operating expenses	1,013	1,075	6	15	1,007	1,060
Loan impairments	191	231			191	231
Operating profit before taxes	**371**	**23**	**-6**	**-15**	**377**	**38**
Income tax	55	32	-2	-4	57	36
Profit for the period	**316**	**-9**	**-4**	**-11**	**320**	**2**
Cost/income ratio	64%	81%			64%	80%

Group Functions

(in millions of euros)	Reported H1 2011	Reported H1 2010	Separation & integration-related costs H1 2011	Separation & integration-related costs H1 2010	Underlying H1 2011	Underlying H1 2010
Net interest income	88	-87			88	-87
Non-interest income	228	-783		-812	228	29
Operating income	**316**	**-870**		**-812**	**316**	**-58**
Operating expenses	400	868	126	609	274	259
Loan impairments	-17	-24			-17	-24
Operating profit before taxes	**-67**	**-1,714**	**-126**	**-1,421**	**59**	**-293**
Income tax	-34	-175	-31	-155	-3	-20
Profit for the period	**-33**	**-1,539**	**-95**	**-1,266**	**62**	**-273**

risk management 3

ABN AMRO's activities are continuously monitored against the level and nature of risk that the Group is willing to take in order to pursue its strategy, taking all stakeholders into consideration. ABN AMRO's risk taxonomy includes all applicable material risks. It is reviewed and updated annually to ensure that all material risks are identified, defined and incorporated into the risk governance framework. The current risk taxonomy is summarised in the chart below.

This section provides an update on our credit, market, operational and banking book risk developments over the first half of 2011. General information on risk management, the risk governance, risk appetite and risk types including definitions and the way these risks are managed is provided in the ABN AMRO Annual Report 2010 (section 7, Risk Management).

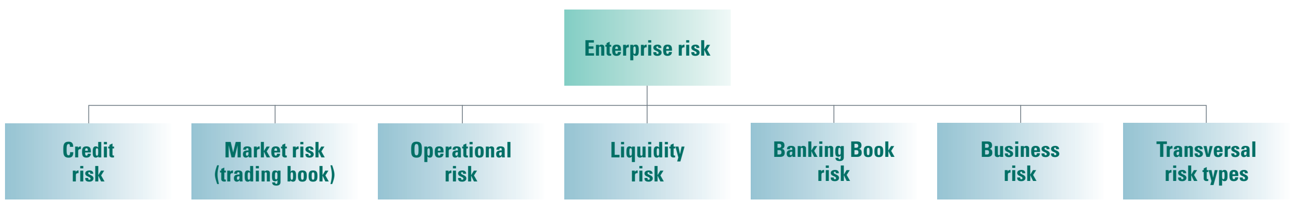
Credit risk

ABN AMRO is subject to credit risk through its lending, trading, hedging and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or where it issues guarantees.

Credit risk management is governed by the ABN AMRO credit risk policy framework. This framework contains a combination of central risk policies (governing key risk principles and definitions), bank-wide credit risk policies (governing specific subjects with a bank-wide relevance, i.e. for multiple lines of business) and business risk policies (governing subjects relevant to a specific business).

Credit risk exposure

Credit risk exposure is presented based on the classification in the statement of financial position to reflect the nature and characteristics of the exposure. The amounts stated in the table on the next page represent the maximum accounting loss that would be recognised at the balance-sheet date if counterparties fail to completely perform as contracted and if any collateral or security provided proves to be of no value. As a result, the amounts presented significantly exceed expected losses in the event of counterparty default. Balances that do not give rise to credit risk are excluded from this overview; for further details please see pages 68 and 69 of the Annual Report 2010.



Credit risk exposure

(In millions of euros)	30 June 2011	31 December 2010
Cash and balances at central banks	927	906
Financial assets held for trading	15,542	13,803
Loans and receivables - banks	49,806	41,166
Loans and receivables - customers	285,764	278,230
Of which:	158,075	159,494
- Residential mortgages	158,075	159,494
- Other loans to customers	127,689	118,736
Financial investments	18,487	19,890
Other assets	8,077	7,734
On-balance credit risk exposure gross	**378,603**	**361,729**
Impairments	-4,252	-4,350
Total net on-balance credit risk exposure	**374,351**	**357,379**
Total net off-balance credit exposure	35,701	37,746
Total revocable credit facilities	63,690	63,469

Loans and receivables
The loans to banks portfolio increased by EUR 8.6 billion to EUR 49.8 billion. This was mainly due to an increase in securities financing transactions. These are gross amounts outstanding, collateralised by equities and bonds, subject to periodic margining and application of valuation haircuts. Loans and advances and mandatory reserve deposits with central banks showed a decrease.

The loans to customers portfolio grew gradually over the first half year of 2011. The volume increase was mainly driven by Commercial & Merchant Banking and partially offset by lower volumes at Retail & Private Banking. The growth in lending by ECT is consistent with the increase in world trade volume seen in the first half of 2011. The decrease in residential mortgages is consistent with the slow market and the dampening effect of new domestic mortgage regulations in the Netherlands.

The lower off-balance credit exposure is mainly due to a decrease in guarantees and other commitments. Further details on commitments and contingent liabilities are provided in note 16 to the Condensed Consolidated Interim Financial Statements.

Credit risk concentration
Credit risk concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances), with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. Avoidance of concentrations is therefore fundamental to the Group's credit risk strategy of maintaining granular, liquid and diversified portfolios. ABN AMRO applies concentration limits on individual obligors, industry sectors and geographies. Consistent with year-end 2010, the significant concentration of credit risk exposures consists mainly of residential mortgage loans in the Netherlands.

Credit quality
The credit quality of the portfolio of financial assets can be assessed with reference to ABN AMRO's internal counterparty rating system, which reflects an obligor's default probability. The Group's internal counterparty ratings are a crucial tool for managing and monitoring credit risk, both at counterparty and at portfolio level. The counterparty rating is established by means of internal rating models and is based on several aspects, including both a financial and non-financial analysis of the counterparty.

Each counterparty to whom ABN AMRO grants any type of credit facility or who has an exposure is assigned a Uniform Counterparty Rating (UCR) on a scale of 1 to 8, whereby UCR 1 is of prime quality and UCR 6-8 is in default, according to the Group's definition of default. Further information is provided in section 7.3, Risk Appetite - Credit risk, in the Annual Report 2010.

Although market conditions are challenging, the portfolio's credit quality is sound and the credit risk profile, in terms of expected loss, remained stable across all businesses. The mortgage portfolio quality remains good with a low level of problem loans. The Dutch housing market is, however, slow with slightly declining property prices in real terms. The market is subject to tightening acceptance conditions and uncertainty about the abolition of tax deductibility of home mortgage interest. Inflow of mortgages in the defaulted portfolio is primarily due to customers with two mortgages unable to sell their previous homes, with unemployment ranking second as a reason.

The credit quality of the loan portfolio, measured by changes of exposure in the rating distribution, remained constant over the first half of 2011. The impaired portfolio (grade category 'defaults with provision') increased by EUR 403 million in amounts outstanding (+6%). The increase in the total impaired portfolio is mainly due to inflows from residential mortgages, and Business Banking exposures.

Impairment for credit risk is established if there is objective evidence that ABN AMRO will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairments is the difference between the carrying amount and the recoverable amount, i.e. the present value of expected cash flows and the collateral value less selling costs, if the loan is secured.

There were no significant changes in the total level of impairments for credit risk. Impairments for credit risk for loans to banks decreased to EUR 36 million (31 December 2010: EUR 49 million). Impairments for credit risk for loans to customers decreased slightly to EUR 4,201 million (31 December 2010: EUR 4,286 million). Overall, loan impairments over the first half of 2011 (EUR 310 million) were somewhat lower than the impairments over the first half of 2010 (EUR 348 million). This was due to lower new allowances, partially offset by lower releases of impairment allowances no longer required.

Given the net inflow in impaired loans and the slight decrease in impairments for specific credit risk, the coverage ratio decreased, both in R&PB and C&MB. The overall coverage ratio by 30 June 2011 equalled 55%, remaining within acceptable parameters (31 December 2010: 62%[1]).

Financial investments

Financial investments recorded a EUR 1.4 billion decrease due to a maturing transaction. For an update on the sovereign and sovereign guaranteed exposures, please see the country risk section.

Country risk

Country risk is the risk that a counterparty is unable to honour its obligations due to political, social, economic or other events in that country. ABN AMRO's credit exposure is primarily focused in the Netherlands.

At this point in time, there is an increased focus on sovereign risks in a number of EU countries. These risks, and their potential impact on non-sovereign credit exposures, are managed closely by senior credit committees, informed by opinions and advice from country risk and macroeconomics specialists and the Group's Country Risk Committee.

The table on the next page provides an overview of the book value of the most significant exposures to European governments and government-related entities as at 30 June 2011. These exposures include debt issued by central governments and local governments as well as debt guaranteed by a central government. The exposures reported are part of ABN AMRO's loan, trading and/or investment books (31 December 2010: investment and trading book).

[1] Deviates from the previously reported coverage ratio, due to further harmonisation of the coverage ratio definition by which defaulted but not impaired loans are no longer included in the ratio for all portfolios.

The exposure to US government and government-guaranteed exposures amounted to EUR 0.4 billion (31 December 2010: EUR 0.5 billion) and is recorded in the investment book.

The sovereign and sovereign-guaranteed table below is part of ABN AMRO's Condensed Consolidated Interim Financial Statements and has been reviewed. The asterisks (*/**) in the table indicate whether data has been reviewed or audited by the external auditor.

Sovereign and sovereign-guaranteed exposures [1]

	30 June 2011	30 June 2011	30 June 2011	31 December 2010 [2]
(In billions of euros)	Sovereign	Sovereign-guaranteed	Book value*	Book Value**
Netherlands	7.2	2.5	9.7	8.9
France	2.4	0.2	2.6	2.3
Belgium	1.6		1.6	2.6
Italy	1.3		1.3	1.3
Germany	2.8	0.8	3.6	2.1
United Kingdom	0.9		0.9	0.9
Austria	0.9		0.9	0.9
Ireland	0.1		0.1	0.1
Finland	0.2		0.2	0.1
Greece		1.4	1.4	1.4
Portugal				0.2
Poland	0.2		0.2	0.3
Spain	0.1		0.1	0.1
Total	17.7	5.9	22.6	21.2

[1] Undrawn commitments are not included, but these only exist for the Netherlands and amount up to EUR 0.9 billion.
[2] The comparative exposure for the Netherlands has been adjusted to exclude the deposits with DNB.
* Reviewed
** Audited

The majority of the exposure resides with countries such as the Netherlands, Germany, France and Belgium. The exposure to Greece, Italy, Spain and Ireland did not change materially over the first half of 2011. The Portuguese exposure (31 December 2010: EUR 0.2 billion) matured at the end of April 2011.

The majority of our government and government-guaranteed exposures are recorded in the available-for-sale portfolio in the investment book, see note 7, Financial Investments, to the Condensed Consolidated Interim Financial Statements. An unrealised gain of EUR 452 million (31 December 2010: EUR 530 million) is recorded on these exposures. Of the unrealised gain, fair value hedge accounting was applied for an amount of EUR 521 million (31 December 2010: EUR 574 million), leaving a net unrealised loss of EUR 69 million (31 December 2010: EUR 44 million) in the available-for-sale reserve in equity.

In addition, some of the exposures (mainly Greece and the majority of the Netherlands) are recorded in loans and receivables at amortised cost. The figures for the Netherlands exclude consumer loans which are Dutch State guaranteed, such as government-guaranteed mortgages (NHG), but do include corporate loans that are Dutch State guaranteed. The fair values of the government and government-guaranteed exposures in The Netherlands do not differ significantly from the amortised cost value, due to the short maturities of these loans.

The Greek exposures are corporate debt guaranteed by the Greek government and are recorded in loans and receivables at amortised cost. As these loans are not quoted in an active market, the fair values have been determined by applying a present value approach. The future cash flows have been discounted using a risk-adjusted interest rate, which is based on market observable information for similar credit risk exposures. Under the current market circumstances and given the specific nature of the exposures the determination of the fair values on this basis is subject to significant uncertainty. For that reason ABN AMRO has used reasonably possible alternative assumptions in determining the fair value, leading to a fair value range between EUR 1.1 billion and EUR 0.9 billion. As a consequence, these exposures show an unrealised loss of EUR 0.3 - 0.5 billion (31 December 2010: EUR 0.2 billion). No impairments have been booked as these loans are performing; due consideration has shown that there is no evidence that the future cash flows associated with these loans were compromised. Developments after 30 June 2011 are explained on page 15.

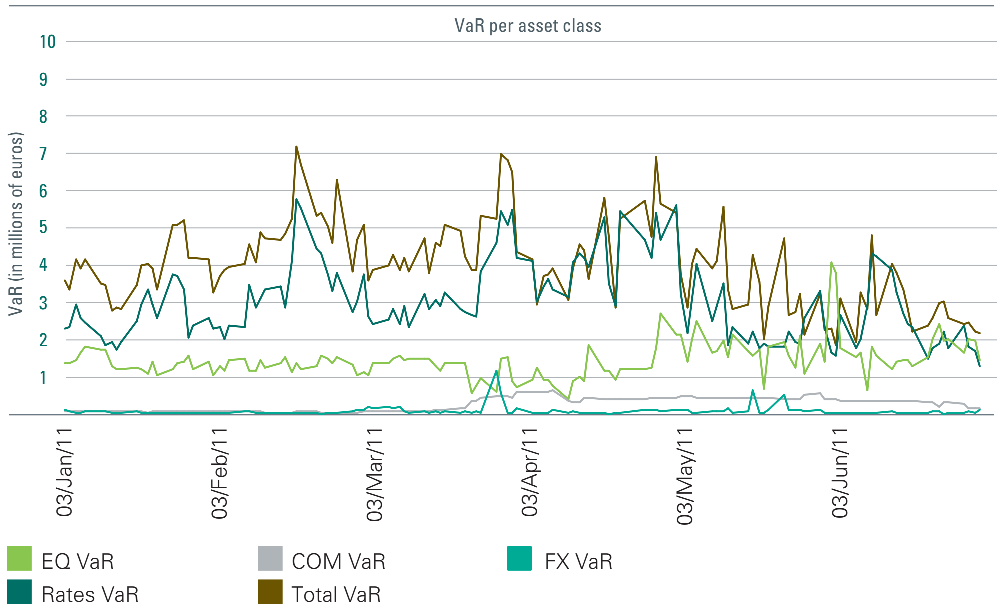
The remainder of the sovereign and sovereign-guaranteed exposures are part of the trading portfolio in Financial assets held for trading and recorded at fair value through the income statement.

Market risk

Value-at-Risk

For internal purposes, ABN AMRO manages market risk daily on a portfolio basis. The key indicators used are Value-at-Risk (VaR) and a wide array of stress tests. VaR is a statistical measure that estimates potential losses and is defined as the predicted loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time, and at a specified level of statistical confidence. The VaR model is based on historical simulation and assumes a one-day holding period and a 99% confidence level. In addition to VaR and stress tests, ABN AMRO uses indicators that are characteristic for the specific portfolio or risk factor.

VaR per asset class over first half 2011
(in millions of euros)



Since April 2011, the VaR of the equity activities and the Rates/FX activities are calculated in one integrated VaR Model. Part of the lower VaR in the second quarter is therefore attributable to the inclusion of the diversification effect. Because of the increasing turbulence in the run up to the summer, positions were further reduced, resulting in a VaR of EUR 2.2 million at the end of June.

Operational risk

Operational risk is the risk of loss resulting from inadequate or fatal internal processes, people and systems, or from external events. This definition includes legal and compliance risk, but excludes strategy/business and reputation risk.

Despite the ABN AMRO's transition process no significant operational losses have occurred.

Liquidity risk

Please refer to section 5 – Liquidity & funding.

Interest rate risk

The overall objective of interest rate risk management, which is part of the banking book risk, is to manage current and future earnings sensitivity due to interest rate risk exposure. Further improvements to monitoring and managing the interest rate risk position have been implemented. In the first half of 2011, ABN AMRO introduced absolute sensitivity as an additional indicator to measure the mismatch. ABN AMRO measures, monitors and controls its interest rate risk using the following indicators:

- Net interest income (NII). The NII is the difference between revenues generated by interest-earning assets and expenses of the interest-burdened liabilities. The NII consists of the commercial margin and interest rate risk mismatch.
- NII-at-Risk. This metric indicates the change in net interest income during the next 12 months, comparing a constant yield curve with a yield curve that is gradually shifted to a total of 200 basis points.
- Duration of equity. This indicates the sensitivity of the market value of equity to a 1% parallel change in the yield curve.
- Absolute sensitivity. This adds the different positions on the yield curve, regardless of whether they are positive or negative. It measures the absolute interest rate position.
- Value-at-Risk (VaR). VaR is used as a statistical measure for assessing interest risk exposure. A VaR for changes in the interest rate is calculated at a 99% confidence level and a two-month holding period.

	30 June 2011	31 December 2010
NII-at-risk (in %)	2.1	2.2
Duration of equity (in years)	3.2	4.2
Absolute sensitivity (in EUR m)	20.3	15.4
VaR banking book (in EUR m)	651	673

Position development

In line with the flattening of the yield curve and the outlook for interest rate developments, the overall interest rate risk position decreased during the first half of 2011. This overall decrease is reflected in the development of the NII-at-Risk, duration and the VaR. Along with the decrease, certain positions have been taken to profit from the inverse shape of the long end of the yield curve resulting in an increase of the absolute sensitivity.

capital management 4

Capital adequacy

At 30 June 2011, the core Tier 1 and Tier 1 ratios were 11.4% (up from 10.4%) and 13.9% (up from 12.8%) respectively and the total capital ratio was 18.2% (up from 16.6%). The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

Regulatory capital

(in millions of euros)	30 June 2011	31 December 2010
Total equity (IFRS)	**12,932**	**12,112**
Participations in financial institutions	-313	-301
Other regulatory adjustments	-163	273
Core Tier 1 capital	**12,456**	**12,084**
Non-innovative hybrid capital instruments	1,750	1,750
Innovative hybrid capital instruments	994	1,000
Tier 1 capital	**15,200**	14,834
Subordinated liabilities Tier 2 (UT2)	165	173
Subordinated liabilities Tier 2 (LT2)	4,915	4,747
Participations in financial institutions	-313	-301
Other regulatory adjustments	-160	-117
Total regulatory capital	**19,807**	**19,336**
Risk-weighted assets (Basel II)		
Credit risk (RWA)	93,918	99,577
Operational risk (RWA)	13,243	14,461
Market risk (RWA)	1,958	2,290
Total Basel II Risk weighted assets[1]	**109,119**	**116,328**
Capital ratios (Basel II)		
Core Tier 1 ratio	11.4%	10.4%
Tier 1 ratio	13.9%	12.8%
Total capital ratio	18.2%	16.6%

[1] The transitional arrangements for solvency requirements under Basel II require that ABN AMRO needs to adhere to a Basel I floor for Own Funds. The Basel I Own Funds floor is calculated by multiplying the Basel I RWA of EUR 161 billion with 8% times 80% resulting in a minimum required amount of Own Funds of EUR 10.3 billion per 30 June 2011. ABN AMRO comfortably meets this requirement.

ABN AMRO mainly reports under the Basel II Advanced-IRB approach for credit risk, the standardised approach for operational risk and primarily the standardised approach for market risk.

Main changes in capital position

Core Tier 1 capital

The net reported profit in the first half of 2011 amounted to EUR 864 million, of which 60%, i.e. EUR 518 million, is included in core Tier 1 capital. This is in accordance with regulations and the newly agreed dividend policy, which targets a payout of 40% of the net reported profit which is included under other regulatory adjustments.
ABN AMRO will pay an interim dividend of EUR 200 million on the ordinary shares.

Lower Tier 2 capital

Most of ABN AMRO's existing Lower Tier 2 ('LT2') capital instruments at year-end 2010 (an eligible amount of EUR 2.5 billion at year-end 2012) were not expected to qualify for grandfathering under the currently known Basel III rules. ABN AMRO launched a LT2 exchange transaction combined with a new issuance in April 2011 targeted to improve the portion of LT2 instruments eligible for grandfathering under Basel III as a result of the exchange and issuance. New subordinated LT2 notes were issued in EUR amounting to EUR 1.2 billion maturing on 27 April 2021 and in USD amounting to USD 0.6 billion maturing on 27 April 2022. The new notes are expected to be eligible under the Basel III transitional capital rules and will increase the amount that is expected to qualify for grandfathering on 1 January 2013 from EUR 1.1 billion to EUR 2.4 billion [1)], taking into account the latest CRD IV draft.

In June 2011, ABN AMRO executed an exchange and tender offer for outstanding USD 250 million subordinated deposit notes which were legally owned by RBS N.V. but economically owned by ABN AMRO and therefore not part of ABN AMRO's capital position. The purpose of this transaction was to facilitate a transfer of the take-up of the notes from RBS to ABN AMRO, in accordance with arrangements made in connection with the Legal Demerger. As a result of this transaction, ABN AMRO's Tier 2 capital increased by USD 113 million (EUR 78 million at the date of recognition).

Risk-weighted assets

The EUR 7.2 billion reduction in RWA in the first half of 2011 was mainly due to further harmonisation and integration of the Basel II models, reduction to zero of the capital requirement for the Credit Umbrella with Deutsche Bank, ongoing data quality improvements and the sale of PFS. At year-end 2010, the RWA requirement for the Credit Umbrella was EUR 1.8 billion. The decline in RWA is mainly caused by amortisation of the portfolio covered by this Credit Umbrella since the end of 2010 and amortisation of regulatory requirements in relation to the Credit Umbrella. In addition, the current level of the Credit Umbrella-related obligation which was recorded in 2010 as part of the closing of the EC Remedy transaction is sufficient to cover the expected credit losses on the EC Remedy assets. The zero capital requirement for the Credit Umbrella is a consequence of the reduction of this obligation.

These decreases were partly offset by an increase in RWA due to business growth (EUR 1.3 billion), mainly in C&MB.

Update on share capital, dividend and capital instruments

Share capital

The authorised and issued share capital (ordinary and preference shares) remained unchanged. The Annual Report 2010 provides a detailed description.

Dividend

Following the state aid investigation, the European Commission (EC) prohibits ABN AMRO from (i) paying discretionary coupons on hybrid Tier 1 and Tier 2 instruments unless there is a legal obligation to do so and (ii) exercising early calls on these instruments, similar to other financial institutions involved in state aid proceedings. This ban is in force until and including 10 March 2013. The EC allows ABN AMRO to make a

[1)] This corresponds to an amount of EUR 2.2 billion eligible Tier 2 capital after applying the portfolio cap of 90% on 1 January 2013.

dividend payment on its ordinary shares provided the dividend payment exceeds EUR 100 million per annum.

ABN AMRO's dividend policy targets a dividend payout of 40% of the net reported annual profit. ABN AMRO will pay an interim dividend of EUR 200 million on the ordinary shares.

The payment of an interim dividend requires the prior release of the retained dividend reserve A for the non-cumulative preference shares A (EUR 25 million) for which the required approval has been received. Payment of an (interim) dividend also activates coupon/dividend trigger mechanisms in the class A non-cumulative preference shares, the Perpetual Bermudan Callable Securities and the Upper Tier 2 GBP instrument. As a result of the aforesaid coupon/dividend triggers, the coupons on these instruments will be paid on the next coupon date, subject to the issuer not being in breach of DNB capital adequacy requirements, where applicable.

The liability related to the former Mandatory Convertible Securities

The status of the dispute with Ageas in connection with the conversion of the Mandatory Convertible Securities ('MCS') on 7 December 2010 remained materially unchanged. A detailed description is provided in the Annual Report 2010.

Perpetual Bermudan Callable Securities

The EUR 1 billion of Perpetual Bermudan Callable Capital Securities (XS0246487457) remained unchanged.
A detailed description is provided in the Annual Report 2010.

Tier 2 capital instruments

In the first half of 2011, ABN AMRO issued three new LT2 instruments in connection with two exchange transactions. The following table summarises the current portfolio of Tier 2 instruments.

Tier 2 capital instruments

(in millions)	Type [1]	ISIN	Maturity date	First possible call date [2]	Currency	Nominal amount 30 Jun 2011	Nominal amount 31 Dec 2010
GBP 150 million (originally GBP 750 million)	UT2	XS0244754254	Perpetual	Feb 2016	GBP	150	150
EUR 377 million (originally EUR 499 million)	LT2	XS0221514879	22 Jun 2015	Mar 2013	EUR	377	499
EUR 441 million (originally EUR 1,000 million)	LT2	XS0267063435	14 Sep 2016	Mar 2013	EUR	441	1,000
USD 457 million (originally USD 1,000 million)	LT2	XS0282833184	17 Jan 2017	Apr 2013	USD	457	1,000
EUR 1,650 million	LT2		16 Oct 2017	Apr 2013	EUR	1,650	1,650
EUR 238 million (originally EUR 500 million)	LT2	XS0256778464	31 May 2018	May 2013	EUR	238	500
EUR 1,228 million 6.375% per annum	LT2	XS0619548216	27 Apr 2021		EUR	1,228	
USD 595 million 6.250% per annum	LT2	XS0619547838	27 Apr 2022		USD	595	
USD 113 million 7.75% per annum	LT2	US00080QAD79 (144A)/ USN0028HAP03 (Reg S)	15 May 2023		USD	113	
Various smaller instruments	LT2	Various	2011-2020	Various	EUR	317	334
Various smaller instruments	LT2	Various	2015	Various	USD	83	136

[1] UT2 = Upper Tier 2 instrument; LT2 = Lower Tier 2 instrument.
[2] On 16 August 2010, the EC stated that Hybrid Tier 1 and Tier 2 instruments will be subject to a call restriction, similar to other financial institutions involved in state aid proceedings. The ban is for a limited period up to and including 10 March 2013. The call dates represent the first possible call date per instrument, taking into account the EC call restriction.

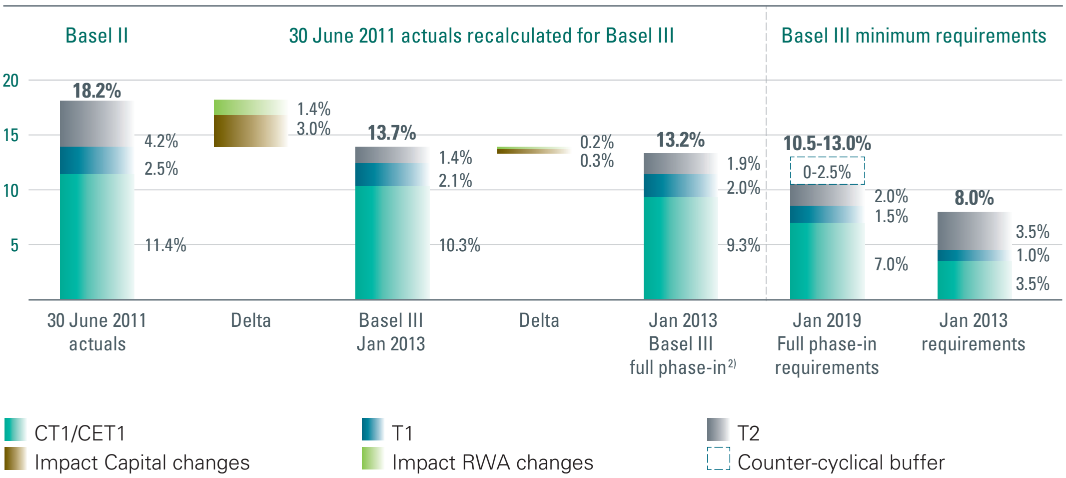
Basel III impact on capital ratios

The introduction of Basel III is expected to translate current Basel II capital ratios into lower Basel III capital ratios. Under the new Basel III rules, capital requirements are expected to increase and additional capital deductions and prudential filters will be introduced. Basel III stipulates that the new rules will be implemented using a phased-in approach.

Based on analysis of the currently available Basel III requirements, ABN AMRO believes it is relatively well positioned to meet the Basel III minimum capital requirements at the time of introduction in January 2013.

Basel III impact on capital ratios [1]

%



[1] Certain figures may not add up exactly due to rounding.
[2] 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.

The graph compares the 30 June 2011 actual capital ratios under Basel II adjusted for the Basel III transitional arrangements as applicable in January 2013 and a Basel III full phase-in scenario with January 2013 transitional arrangements for capital instruments only.

Under the new rules, RWA are expected to increase by EUR 13.2 billion resulting in a 1.6% lower total capital ratio (1.4% under the January 2013 rules and 0.2% under the full phase-in rules), mainly due to an increase in the capital requirement for the treatment of mark-to-market counterparty credit risk losses (credit valuation adjustment capital charge) and the capital requirement for exposure to central counterparties.

Total capital is expected to decrease by EUR 3.6 billion, resulting in a 3.3% lower total capital ratio (3.0% under the January 2013 rules and 0.3% under the full phase-in rules). This decrease consists of the following building blocks:

- Common Equity Tier 1 capital will replace core Tier 1 capital under Basel III. Common Equity Tier 1 capital is EUR 1.0 billion lower than core Tier 1 capital due to the deduction of the deferred tax asset and the defined benefit pension fund asset, and the different treatment of capital deductions and prudential filters;
- Under the Basel III transitional rules, the eligibility of EUR 0.3 billion of Tier 1 instruments and EUR 2.8 billion of Tier 2 instruments is lost on 1 January 2013;
- The different treatment of capital deductions and prudential filters leads to an increase in Tier 2 capital of EUR 0.5 billion.

As a result, in the January 2013 Basel III full phase-in scenario [1]:

- the Common Equity Tier 1 ratio is expected to decrease from 11.4% to 9.3%, exceeding the minimum Common Equity requirement of 7% under Basel III [2, 3];
- the Tier 1 ratio is expected to decrease from 13.9% to 11.4%, exceeding the minimum Basel III Tier 1 requirement of 8.5%;
- the total capital ratio is expected to decrease from 18.2% to 13.2%, exceeding the minimum Basel III Total capital requirement of 10.5%.

Basel III also proposes a minimum requirement for a leverage ratio of 3%. This requirement is applicable as of 2018. The leverage ratio equalled 3.4% at 30 June 2011 (up from 3.3% at year-end 2010), based on current Basel II Tier 1 capital.

[1] 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.

[2] The full phase-in Common Equity Tier 1 capital requirement includes a capital conservation buffer of 2.5%. Several uncertainties still exist regarding treatment of the counter-cyclical buffer and the requirements for systemically important financial institutions in the Netherlands (local SIFIs). The counter-cyclical buffer is shown as a range from 0% to 2.5%, while the local SIFI surcharge is still unknown. ABN AMRO expects to be classified as a local SIFI.

[3] The liability related to the former MCS is assumed to be grandfathered as Tier 1 capital under the transitional Basel III rules for capital instruments in 2013.

liquidity & funding 5

Liquidity

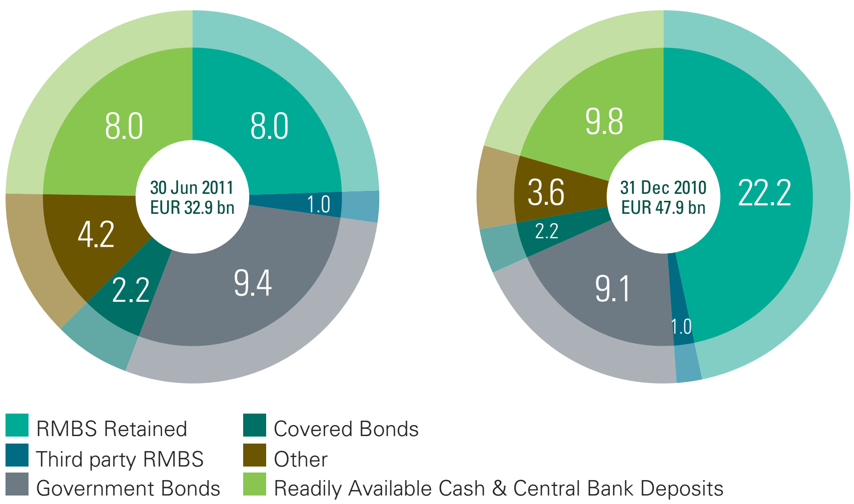
A two-step approach to liquidity risk management is outlined in the Annual Report 2010: a going concern liquidity management approach and a contingency liquidity risk approach. Several tools are used in liquidity management, such as a liquidity buffer, liquidity indicators and a funding strategy, which are discussed in this section. Other tools such as liquidity cost allocation, stress testing and a liquidity contingency plan are described in the Annual Report 2010.

A liquidity buffer serves as a safety cushion in the event of severe liquidity stress. Periodic internal and regulatory stress tests are performed to assess the necessary buffer size in multiple stress events. The liquidity buffer amounted to EUR 32.9 billion in liquidity value on 30 June 2011, compared with EUR 47.9 billion on 31 December 2010, and remains more than adequate. The composition of the liquidity buffer is shown in the graph below.

Liquidity buffer and indicators

ABN AMRO uses specific liquidity indicators to measure its liquidity position. Changes in these indicators are explained later in this section after the description of developments in the liquidity buffer.

Composition of the liquidity buffer
(in billions of euros)



ABN AMRO securitises its in house originated mortgages for liquidity purposes. Certain tranches of these securitised notes were sold to investors, while others were retained. The retained securitisation notes can be used as collateral for various activities including ECB tenders, long-term repos and for daily payment capacity. The total outstanding of RMBS notes backed by ABN AMRO originated mortgages was EUR 50.4 billion (of which EUR 26.8 billion was placed externally) on 30 June 2011 (EUR 71.4 billion at year-end 2010). The decrease in the total outstanding RMBS notes as well as the buffer is mainly a result of the cancellation and restructuring of tranches of retained RMBS notes. These notes lost their ECB eligibility in March 2011 due to new legislation which requires at least two credit ratings. In the restructuring, the new notes were issued under the newest technology available in master issuer structures. New Fishbowl notes were launched on 14 July 2011 and provide an additional liquidity value of EUR 7.2 billion to the liquidity buffer per August 2011.

ABN AMRO is taking steps to align the liquidity buffer size and composition with the expected Basel III requirements for the Liquidity Coverage Ratio (LCR). Residential Mortgage Backed Securitisations (RMBS) are currently not included in the highly liquid assets definition in the LCR. ABN AMRO, however, maintains these assets in its current liquidity buffer as these RMBS notes are still ECB eligible and are accounted for in the current regulatory liquidity requirement.

Furthermore, the Group uses specific indicators to measure developments in its liquidity position, the most important of which are described in this section. To ensure sound liquidity management, these indicators should be considered in combination with the funding diversification and the maturity profile, which are outlined in the funding paragraph.

- LtD ratio: The loan-to-deposit ratio (LtD ratio) measures the relative size of the customer loan book compared with customer deposits. The LtD ratio improved to 134.0% on 30 June 2011 from 135.2% on 31 December 2010, due to stable deposit levels and a slight decrease in the residential mortgages loan book, which resulted in a slightly lower dependency on wholesale funding markets.

	30 June 2011	31 December 2010
Residential mortgages [2]	159,544	163,813
Commercial loans [1/2]	74,233	73,616
Consumer loans	13,441	13,820
Other loans	5,003	3,143
Total loans	**252,222**	**254,391**
Loan-to-deposit ratio (LtD)	**134.0%**	**135.2%** [4]

	30 June 2011	31 December 2010
Demand deposits	77,801	80,669
Savings deposits	72,500	69,763
Time and other deposits [3]	37,865	37,671
Total deposits	**188,166**	188,102

[1] Excludes selected current accounts.
[2] Includes fair value adjustment from hedge accounting.
[3] Excludes deposit of Dutch State Treasury Agency (DSTA).
[4] Deviates from previously reported LtD due to a further refinement of accounting harmonisation, for details see page 50.

- SF/NLA: The internally developed stable funding over non-liquid assets ratio (SF/NLA) shows the extent to which core assets are covered by core liabilities. The SF/NLA deteriorated to 100.4% on 30 June 2011 compared with 104.2%[1] on 31 December 2010. The decrease in this indicator is temporary and relates to the previously described restructuring of RMBS notes, which resulted in an increase of non-liquid assets.
- Regulatory liquidity requirement: The regulatory liquidity requirement measures the one-month liquidity position in the scenario of a severe and short stress as defined by DNB. It requires the one-month liquidity position to always exceed the minimum required regulatory level of zero. The outcome of the regulatory liquidity requirement at 30 June 2010 was EUR 9.8 billion compared with EUR 44.0 billion at 31 December 2010. The decrease results from both changed specifications of the regulatory liquidity as of May 2011, as a result of which retained RMBS receives a lower liquidity value, and the previously described restructuring of RMBS notes. ABN AMRO still comfortably met the regulatory minimum requirement set by DNB at 30 June 2011.
- Survival period: The survival period indicates for what period the liquidity position of the Group will remain positive in a situation where stress is observed in professional funding markets, but funds attracted through clients remain stable. The survival period was 180 days at 30 June 2011 compared with 340 days at 31 December 2010 and is also temporarily impacted by the restructuring of RBMS notes. The outcome of the survival period is still comfortably above the internally set minimum requirement.

The issuance of new Fishbowl notes improves the SF/NLA, the regulatory liquidity requirement and the survival period.

Basel III liquidity indicators

The Basel III liquidity ratios are monitored and based on current available documentation. At present, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are reported to regulators as part of the Basel III observation period, during which these indicators will be further fine-tuned by the regulatory authorities. Initiatives are being taken to prepare the business and the product portfolio for the transition to Basel III. ABN AMRO targets compliance with Basel III liquidity regulation by 2013 at the latest.

Regulatory minimum requirements for both the LCR and NSFR are expected to be 100% under Basel III. The LCR for ABN AMRO was around 60%. The current regulatory liquidity requirement imposed by DNB was comfortably met. In the run-up to full Basel III implementation, ABN AMRO intends to actively manage both the regulatory liquidity and the LCR. The LCR can be steered relatively easily by for instance increasing the pool of highly liquid assets. The NSFR was around the minimum level of 100% as a result of the successful implementation of the funding strategy in the last two years, under which the volume of long-term funding increased in comparison to a decreasing volume of short-term funding.

[1] Deviates from previously reported SF/NLA due to a further refinement of accounting harmonisation, for details see page 50.

Funding

Liability breakdown

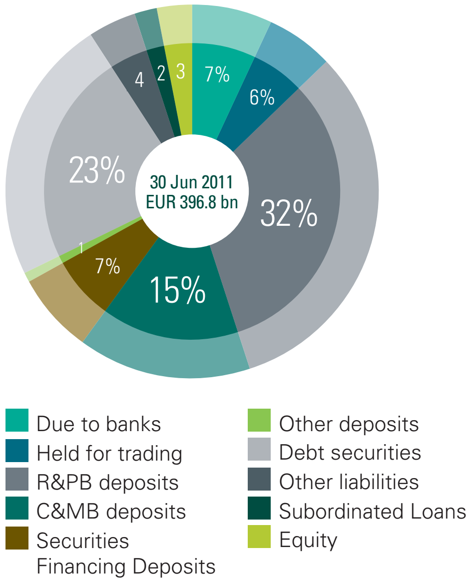
Customer deposits that ABN AMRO gathers through its Retail & Private Banking and Commercial & Merchant Banking networks are the main source of funding for the Group, comprising 47% of the balance sheet total as at 30 June 2011. ABN AMRO also attracts and places money market deposits and issues debt instruments through wholesale markets.

The graph on the right side displays the liability breakdown at 30 June 2011.

Total due to customers increased to EUR 217.3 billion at 30 June 2011, up from EUR 209.5 billion at 31 December 2010. Deposits at R&PB rose by EUR 3.3 billion at 30 June 2011 compared with 31 December 2010, mainly due to an increase in the volume of saving deposits by EUR 2.7 billion.

Deposits at C&MB (including securities financing deposits) increased by EUR 8.9 billion at 30 June 2011 compared with 31 December 2010, due mainly to an increase of EUR 7.8 billion in securities financing deposits. Other deposits decreased by EUR 4.3 billion, of which EUR 2.1 billion was due to the sale of Prime Fund Solutions.

Liability breakdown at 30 June 2011



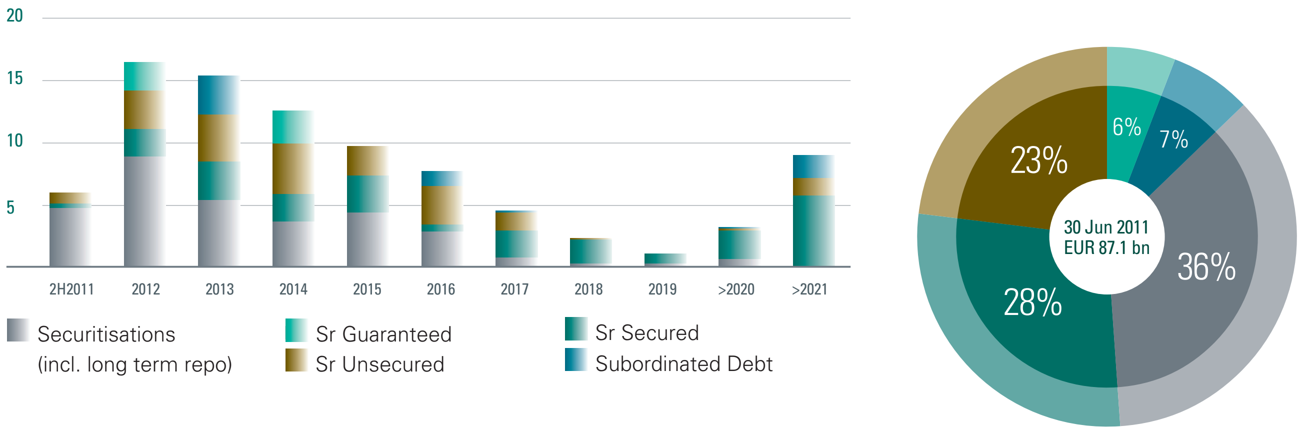
Wholesale funding

Despite turbulent market conditions, the implementation of the funding strategy was successful in the first half of 2011. The strategy focuses on attracting long-term funding to further improve the maturity profile and to diversify funding sources. The maturity profile improved due to an increase in the average maturity of long-term funding and successful liability management transactions. Funding instruments, geography and currencies were further diversified.

The graph displays both the maturity calendar of long-term funding and the funding diversification at 30 June 2011.

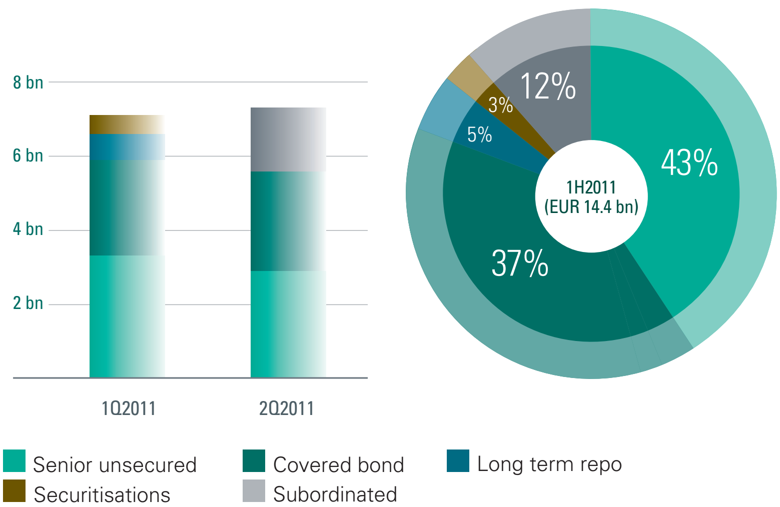
Maturity calendar and total outstanding of medium and long-term funding at 30 June 2011

(in billions of euros)

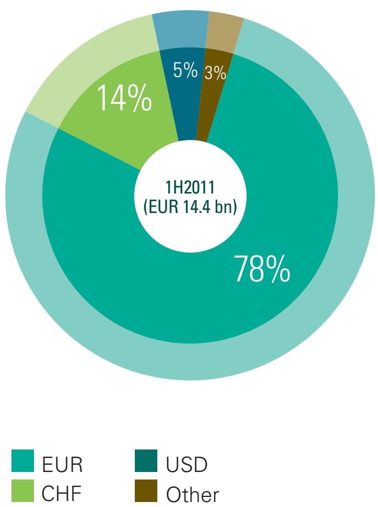


Following a successful refinancing exercise in 2010, several initiatives were undertaken to refinance different types of long-term maturing debt. An amount of EUR 12.4 billion was attracted and EUR 2.0 billion of funding's maturity was extended (termed out) in the first half of 2011. With these issuances, all maturing long-term funding of 2011 was refinanced in the first half of 2011 in accordance with the funding plan. Nearly one fourth of attracted funding was raised in currencies other than the euro.

Medium and long-term issued in 1H 2011



Currency diversification



In the first half of 2011, nine benchmark transactions raised a total of EUR 8.4 billion of funding via various funding sources. Benchmarks were done in senior unsecured (EUR 2.5 billion), via Covered Bond issuance (EUR 4.1 billion) and through a public sale of RMBS notes (EUR 0.5 billion). Additionally, the inaugural transaction under the 144A MTN programme targeted at US investors raised USD 2.0 billion of funding and improved geographical diversification. In addition, EUR 1.7 billion of subordinated loans were issued, constituting a combination of new funding and terming out already existing funding, thereby further improving the maturity profile. The remainder of funding was attracted through private placements.

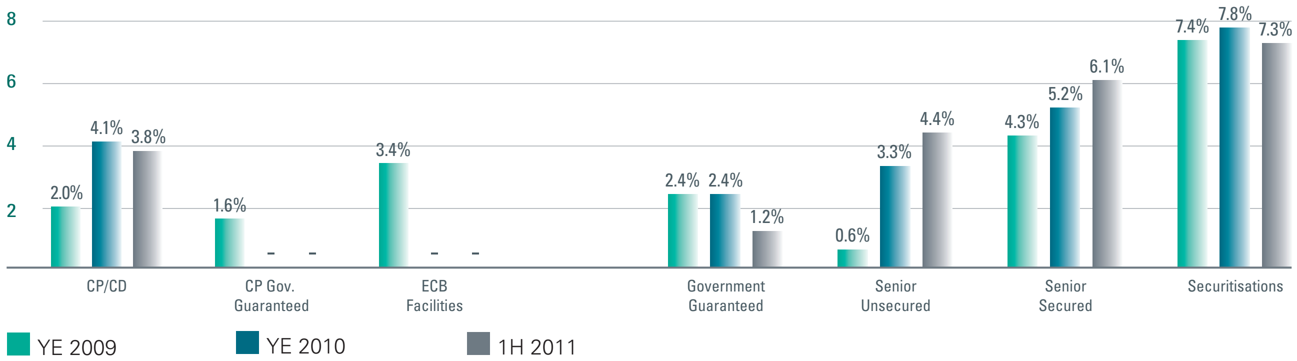
Active liability management in April 2011 resulted in a buyback of EUR 2.7 billion of Government Guaranteed Bonds (GGB), guaranteed by the Dutch State. This contributed to the reduced usage of the GGB programme (EUR 4.9 billion at 30 June 2011).

The US Commercial Paper programme is in the process of being expanded to USD 10 billion (from USD 5 billion). Furthermore, London Certificates of Deposit became available as from 6 July 2011 as a new funding tool, further improving diversification in short-term funding tools. Total short-term funding attracted by the Euro Commercial Paper, French Certificats de Dépôt and US Commercial Paper programmes totalled EUR 15.2 billion at 30 June 2011, marginally down from EUR 15.6 billion at year-end 2010. Access to money markets was improved across all main financial centres through a wider range of counterparties in the first half of 2011.

The graph below shows the development in funding sources relative to balance sheet size. In 2010, ECB funding (EUR 13.0 billion) and government guaranteed commercial paper (EUR 6.3 billion) were fully redeemed, by which ABN AMRO returned largely towards unsupported funding sources. The usage of senior unsecured increased considerably. The portion of short-term programme funding decreased compared with long-term funding over the last two years.

Short-term funding vs balance sheet
Total: 3.8% at 30 June 2011
(in % of balance sheet total)

Long-term funding vs balance sheet
Total: 19.1% at 30 June 2011



separation & integration 6

Separation

Remaining separation activities

Separation activities from RBS N.V. are in the stage of completion. The separation of BNP Paribas Fortis has been finalised.

The cross-liability to RBS N.V. resulting from the Legal Demerger has not changed since 31 December 2010. Further information is provided in Note 16, Commitments and contingent liabilities, to the Condensed Consolidated Interim Financial Statements.

EC Remedy

Operational separation of the EC Remedy activities is on track and the migration is expected to be finalised by 2012. The cross-liability resulting from the EC Remedy has decreased to EUR 352 million compared to EUR 454 million at 31 December 2010, see Note 16, Commitments and contingent liabilities, to the Condensed Consolidated Interim Financial Statements. Further information on the Credit Umbrella is provided in Note 8, Other income, to the Annual Financial Statements 2010.

Integration

Integration of businesses and systems

Following the successful integration of Retail Banking at the end of 2010, the main integration activity in 2011 is the preperation for the technical migration of Commercial & Merchant Banking (including Markets) and Private Banking Netherlands clients.

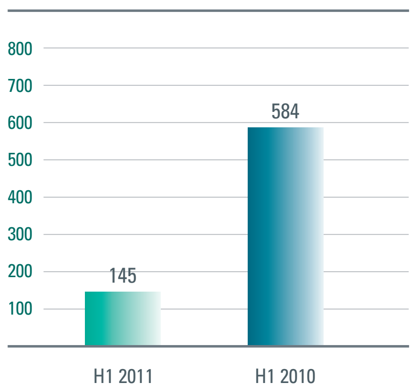
This migration of approximately 100,000 clients from former FBN platforms to ABN AMRO systems is envisaged to be finalised towards the end of 2011. This timeline is under the condition that testing provides sufficient comfort that client impact is kept to an absolute minimum and a smooth migration is ensured. The implementation of Basel II models, which is a prerequisite for this migration, is on track. Further Basel II harmonisation is ongoing.

Integration costs and synergies

Integration costs

Total identified integration costs for the first six months of 2011 amounted to EUR 145 million. These costs consist predominantly of identified project costs. These relate largely to programmes supporting the migration of Commercial & Merchant Banking and Private Banking Netherlands clients to ABN AMRO systems.

Integration costs 2011
(in millions of euros)



Synergies

Accumulated identified synergies at the end of the first half of 2011 amounted to approximately EUR 550 million. Reported synergies at the end of 2010 were approximately EUR 350 million. Part of the identified synergies in 2011 were annual effects of the synergies realised in 2010, but the majority relate to a further reduction of FTEs and office space-related synergies. Integration activities are well on track, resulting in additional synergies and improving the cost/income ratio.

FTE reduction

ABN AMRO is on schedule to meet its FTE reduction targets of approximately 4,500 in the 2009-2012 period and is confident it will achieve its objectives for the coming years. ABN AMRO employed 25,112 FTEs at 30 June 2011, down from 26,161 at 31 December 2010. The decrease in the number of FTEs is mainly a result of the integration and divestments.

European Commission investigation

On 20 May 2011, ABN AMRO reported on the European Commission state aid decision dated 5 April 2011. The EC approved the support package and restructuring plan of ABN AMRO subject to certain conditions. These conditions included amongst others:

- a continuation of the price leadership restrictions similar to the ones implemented in 2010;
- a ban on acquisitions. However, ABN AMRO may make acquisitions if the total gross cumulative purchase price paid for all such acquisitions during a period of three years is less than EUR 600 million;
- a ban on advertising State ownership;
- measures to stimulate the competition in Private Banking in the Netherlands. ABN AMRO had to offer customers of Private Banking in the Netherlands the option to transfer their investment portfolios to other banks free of charge during a period of two months.

The EC also concluded that no further restructuring is needed.

On 14 June 2011, ABN AMRO appealed the decision on the ban on acquisitions. Please note that the appeal does not suspend the decision. The EC now has to file it Statement of Defence.

responsibility statement 7

As required by section 5:25d sub 2 part c of the Dutch Financial Supervision Act, the members of the Managing Board state that to the best of their knowledge:

- the Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Group N.V. and the companies included in the consolidation; and
- the interim financial report gives a true and fair view of the state of affairs on the balance sheet date, the course of business during the first half year 2011 of ABN AMRO Group N.V. and of the enterprises affiliated to it whose data are included in its Condensed Consolidated Interim Financial Statements, together with the expected course of business (with particular attention to investments and events on which the development of turnover and profitability depends to the extent it is not detrimental to the vital interests of ABN AMRO Group N.V.).

Amsterdam, 26 August 2011

The Managing Board

Gerrit Zalm, Chairman
Jan van Rutte, Vice-Chairman
Johan van Hall
Caroline Princen
Wietze Reehoorn
Chris Vogelzang
Joop Wijn

cautionary statement on forward-looking statements 8

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

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

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

- General economic conditions in the Netherlands and in other countries in which ABN AMRO Bank has significant business activities or investments, including the impact of recessionary economic conditions on ABN AMRO's revenues, liquidity and balance sheet;
- The extent and nature of future developments and continued volatility in the credit markets and their impact on the financial industry in general and ABN AMRO in particular;
- The effect on ABN AMRO's capital of write-downs in respect of credit exposures;
- Risks related to ABN AMRO's merger, separation and integration process;
- Actions taken by governments and their agencies to support individual banks and the banking system;
- Monetary and interest rate policies of the European Central Bank and G7 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments;
- Changes in Dutch and foreign laws, regulations and taxes;
- Changes in competition and pricing environments;
- Inability to hedge certain risks economically;
- Adequacy of loss reserves;
- Technological changes;
- Changes in consumer spending, investment and saving habits; and
- The success of ABN AMRO in managing the risks involved in the foregoing.

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

condensed consolidated interim financial statements 2011

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Condensed consolidated income statement

(in millions of euros)	Note	First half year 2011	First half year 2010
Income			
Interest income		6,903	6,545
Interest expense		4,337	4,109
Net interest income		**2,566**	**2,436**
Fee and commission income		1,315	1,335
Fee and commission expense		342	400
Net fee and commission income		**973**	**935**
Net trading income		119	121
Results from financial transactions		269	17
Share of result in equity accounted investments		46	21
Other income		137	-693
Operating income	4	**4,110**	**2,837**
Expenses			
Personnel expenses	5	1,388	1,611
General and administrative expenses		1,172	1,520
Depreciation and amortisation of tangible and intangible assets		184	259
Operating expenses	5	**2,744**	**3,390**
Loan impairment and other credit risk provisions	10	310	348
Total expenses		**3,054**	**3,738**
Operating profit/(loss) before taxation		**1,056**	**-901**
Income tax expense		192	67
Profit/(loss) for the period		**864**	**-968**
Attributable to:			
Owners of the parent		856	-970
Non-controlling interests		8	2

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of comprehensive income

(in millions of euros)	First half year 2011	First half year 2010
Profit/(loss) for the period	**864**	**-968**
Other comprehensive income:		
Currency translation reserve	-71	44
Available for sale financial assets	-164	41
Cash flow hedging reserves	223	-366
Other comprehensive income for the period before taxation	**-12**	**-281**
Income tax relating to components of other comprehensive income	38	-120
Other comprehensive income for the period after taxation	**-50**	**-161**
Total comprehensive income/(expense) for the period after taxation	**814**	**-1,129**
Total comprehensive income attributable to:		
Owners of the parent	806	-1,131
Non-controlling interests	8	2

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of financial position

(in millions of euros)	Note	30 June 2011	31 December 2010 *)
Assets			
Cash and balances at central banks		927	906
Financial assets held for trading	6	28,696	24,300
Financial investments	7	18,847	20,197
Loans and receivables - banks	8	49,770	41,117
Loans and receivables - customers	9	281,563	273,944
Equity accounted investments		1,213	1,159
Property and equipment		1,634	1,679
Goodwill and other intangible assets		367	412
Assets held for sale		81	85
Accrued income and prepaid expenses		4,253	4,169
Current tax assets		472	443
Deferred tax assets		360	559
Other assets		8,585	8,312
Total assets		**396,768**	**377,282**
Liabilities			
Financial liabilities held for trading	6	22,230	19,982
Due to banks	11	27,713	21,536
Due to customers	12	217,310	209,466
Issued debt	13	90,815	86,591
Subordinated liabilities	14	8,379	8,085
Provisions	15	1,751	1,716
Accrued expenses and deferred income		5,721	6,602
Current tax liabilities		304	323
Deferred tax liabilities		53	58
Other liabilities		9,560	10,811
Total liabilities		**383,836**	**365,170**
Equity			
Share capital		1,015	1,015
Share premium		11,505	11,505
Other reserves (incl. retained earnings/profit for the period)		1,224	362
Other components of equity		-833	-783
Equity attributable to owners of the parent company		**12,911**	**12,099**
Equity attributable to non-controlling interests		21	13
Total equity		**12,932**	**12,112**
Total liabilities and equity		**396,768**	**377,282**
Committed credit facilities	16	13,764	14,553
Guarantees and other commitments	16	21,937	23,193

*) Further refinement of accounting harmonisation has occurrred during the first half year 2011, leading to netting adjustments and reclassification of line items in the statements of financial position. The effects of these harmonisations have been adjusted retrospectively. See page 50.

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premium reserve	Other reserves including retained earnings	Currency translation reserve	Available for sale reserve	Cash flow hedges reserve	Net profit attributable to shareholders	Total (Parent)	Non-controlling interests	Total equity
Balance at 1 January 2010	**0 *)**		**9,394**	**-19**	**49**	**-963**	**272**	**8,733**	**222**	**8,955**
Total comprehensive income				62	32	-255	-970	-1,131	2	-1,129
Transfer			272				-272			
Increase of capital	940	11,400	-9,068					3,272		3,272
Other changes in equity			243					243	1	244
Balance at 30 June 2010	**940**	**11,400**	**841**	**43**	**81**	**-1,218**	**-970**	**11,117**	**225**	**11,342**
Balance at 1 January 2011	**1,015**	**11,505**	**779**	**8**	**185**	**-976**	**-417**	**12,099**	**13**	**12,112**
Total comprehensive income				-70	-148	168	856	806	8	814
Transfer			-417				417			
Other changes in equity			6					6		6
Balance at 30 June 2011	**1,015**	**11,505**	**368**	**-62**	**37**	**-808**	**856**	**12,911**	**21**	**12,932**

*) The share capital at 1 January 2010 amounted EUR 0.1 million.

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

The increase of the total equity in the first half of 2011 is mainly reflecting the profit for the period.

Condensed consolidated statement of cash flows

(in millions of euros)	First half year 2011	First half year 2010
Profit/(loss) for the period	**864**	**-968**
Adjustments on non-cash items included in profit:		
(Un)realised gains (losses)	-123	965
Share of profits in associates and joint ventures	-46	-21
Depreciation, amortisation and accretion	417	161
Provisions and impairments	532	838
Income tax expense	192	67
Changes in operating assets and liabilities:		
Assets held for trading	-4,645	-2,452
Liabilities held for trading	2,425	552
Loans and receivables - banks	-8,394	5,504
Loans and receivables - customers	-8,877	-8,597
Other assets	-437	-1,474
Due to banks	6,238	5,341
Due to customers	11,080	12,523
Liabilities arising from insurance and investment contracts	-96	
Net changes in all other operational assets and liabilities	-2,418	-625
Dividend received from associates	6	
Income tax paid	-84	-120
Cash flow from operating activities	**-3,366**	**11,694**
Investing activities:		
Purchases of financial investments	-4,671	-6,405
Proceeds from sales and redemptions of financial investments	5,474	8,596
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	-44	-157
Divestments of subsidiaries (net of cash sold), associates and joint ventures	-1,721	56
Purchases of property and equipment	-114	-58
Proceeds from sales of property and equipment	56	46
Purchases of intangible assets	-27	-7
Other changes		142
Cash flow from investing activities	**-1,047**	**2,213**

continued >

(in millions of euros)	First half year 2011	First half year 2010
Proceeds from the issuance of debt	34,983	23,021
Repayment of issued debt	-29,935	-15,854
Proceeds from subordinated liabilities issued	353	
Repayment of subordinated liabilities		-331
Proceeds from shares issued		490
Cash flow from financing activities	**5,401**	**7,326**
Net increase (decrease) of cash and cash equivalents	**988**	**21,233**
Cash and cash equivalents as at 1 January	5,066	7,560
Effect of exchange rate differences on cash and cash equivalents	-139	326
Cash and cash equivalents as at 30 June	**5,915**	**29,119**
Non cash financing and investing activities		
Conversion of subordinated debt to equity		2,703
Supplementary disclosure of operating cash flow information		
Interest received	6,873	6,909
Dividend received from investments		5
Interest paid	-4,830	-4,937

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

notes to the condensed consolidated interim financial statements

1 General information

Corporate information

ABN AMRO Group N.V. (referred to as 'ABN AMRO Group') is the parent company of ABN AMRO Bank N.V., a consolidated group of companies (referred to as 'the Group' or 'ABN AMRO'). ABN AMRO Group is a public limited liability company, incorporated under Dutch law on 18 December 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. The Dutch State holds all ordinary shares in ABN AMRO Group.

ABN AMRO provides a broad range of financial services through its businesses Retail & Private Banking and Commercial & Merchant Banking. Its operations are conducted primarily in the Netherlands and selectively abroad.

The condensed consolidated interim financial statements of ABN AMRO Group for the six months ended 30 June 2011 incorporate financial information of ABN AMRO Group N.V., its controlled entities, interests in associates and joint ventures. The condensed consolidated interim financial statements were prepared by the Managing Board and authorised for issue by the Supervisory Board and Managing Board on 25 August 2011.

For an overview of the transactions during 2010 that led to the legal structure of ABN AMRO Group N.V. please refer to section 1.2 Structuring of ABN AMRO of the 2010 Annual Financial Statements.

Basis of presentation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with ABN AMRO's 2010 consolidated annual financial statements which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies used in these condensed consolidated interim financial statements are consistent with those set out in the notes to the 2010 consolidated annual financial statements of ABN AMRO, except for the amendments referred to below.

Further refinement of accounting harmonisation has occurred during the half year ended 2011, leading to netting adjustments and reclassification of line items in the condensed consolidated statement of financial position, the condensed statement of cash flows and the notes to the condensed financial statements. The effects of these harmonisations 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 condensed 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 0.4 billion for current tax (2010: EUR 0.4 billion) and EUR 0.3 billion for deferred tax (2010: EUR 0.1 billion)

A reclassification was made in loans and receivables - banks for EUR 5.0 billion (2010: EUR 4.2 billion) from other to interest-bearing deposits.

A reclassification was made in due to banks for EUR 0.8 billion (2010: EUR 0.9 billion) from other to other deposits.

A reclassification was made in due to customers for EUR 13.0 billion (2010: EUR 13.0 billion) from time deposits to other deposits.

A reclassification was made in issued debt for EUR 0.6 billion (2010: EUR 0.5 billion) from bonds and notes issued to saving certificates.

In accordance with IFRS 7, the 'European Union sovereign and sovereign-guaranteed exposures' table on page 21 is part of the Group's condensed interim financial statements.

The condensed consolidated interim financial statements are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Changes in accounting policies

On 1 January 2011, ABN AMRO adopted the following standards and interpretations:
- IAS 24 Related Party Disclosures;
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues;
- IFRIC 14 Prepayments of a minimum funding requirement (pension assets);
- IFRIC 19 Extinguishment Financial Liabilities with Equity Instruments; and
- Improvements to IFRSs 2010 including the changes to IAS 34 Interim Financial Reporting.

The adoption of these standards and interpretations did not have a significant impact on these condensed consolidated interim financial statements.

More information about these standards and interpretations can be found in note 1.6 Changes in accounting policies and 1.7 Future accounting standards and interpratations of the 2010 Annual Financial Statements.

New accounting standards and interpretations

At 30 June 2011, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these condensed consolidated interim financial statements. Below the most significant new standards are addressed.

IFRS 9: Financial Instruments

IFRS 9 Financial instruments: Classification and Measurement reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015 (proposed); it is available for early adoption, but not yet endorsed by the European Union. In subsequent phases, the IASB is addressing impairments and hedge accounting. Exposure drafts have been issued. The completion of these projects is expected by the end of 2011. ABN AMRO is currently assessing the impact of both the first phase and the second phase on its financial statements.

IFRS 10: Consolidated Financial Statements

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and separate financial Statements and SIC 12 Consolidation – Special Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IFRS 10 is effective in annual periods beginning on or after 1 January 2013. ABN AMRO is currently reviewing this new IFRS 10 and will assess the impact on its financial statements.

IFRS 11: Joint Arrangements

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint ventures and SIC 13 Jointly controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013. ABN AMRO will make an assessment of IFRS 11, however since ABN AMRO has only a limited number of joint arrangements and the fact that ABN AMRO already accounts for joint ventures as equity accounted investments no significant impact is expected.

IFRS 12: Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual periods beginning on or after 1 January 2013. ABN AMRO is currently reviewing this new IFRS 12 and will assess the impact on its financial statements.

Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. The European Union has not yet endorsed IFRS 10, 11 and 12.

IFRS 13: Fair Value Measurement

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure on fair value measurements. It is applicable for all assets and liabilities that require a fair value based on IFRS. Disclosures for fair values are extended. ABN AMRO mainly has financial assets and liabilities that are recorded at fair value. In the coming period ABN AMRO will assess whether this new standard has any impact on existing fair value policies and disclosures. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. This standard has not yet been endorsed by the European Commission.

IAS 1: Presentation of Financial Statements

IAS 1 addresses changes in the presentation of Other Comprehensive Income. The amended standard emphasis that profit or loss and Other Comprehensive Income should be grouped together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income'. This last option is existing practice for ABN AMRO. ABN AMRO will assess if it will continue this practice or convert to the other option included in the amended IAS 1. This standard is applicable for annual periods beginning on or after 1 July 2012, with early adoption permitted. Endorsement by the European Commission has not taken place.

IAS 19: Employee Benefits

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognised in the period they occur. The 'corridor' method is eliminated and past service costs are recognised in full immediately. Actuarial gains and losses are no longer deferred affecting both the net defined benefit liability/asset and the amounts recognised in profit or loss.

The amended standard splits changes in defined benefit liabilities/assets in:

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

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. ABN AMRO currently uses the 'corridor' method. Therefore, this amended standard could have a significant impact on the financial position of ABN AMRO. In the coming period the impact of this amended standard is reviewed further. The European Commission has not endorsed this standard yet.

2 Segment reporting

The primary segment information is presented in respect of ABN AMRO's business segments. The operating segments are consistent with ABN AMRO's management and internal reporting structure.

ABN AMRO is organised on a worldwide basis into two business segments and a support segment:
- Retail & Private Banking;
- Commercial & Merchant Banking;
- Group Functions.

Measurement of segment assets, liabilities, income and results is based on the ABN AMRO accounting policies. Segment assets, liabilities, income and result include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length.

From 2011, cost allocation has been refined further. Almost all Group Functions costs are now allocated to the business segments. The year-on-year comparison of the results of the two business segments is impacted by this further refinement in cost allocation. Not allocated are amongst others the operating income from ALM/Treasury, general restructuring charges, certain integration costs, and costs for the Dutch Deposit Guarantee System.

Retail & Private Banking

Retail Banking serves Mass Retail and Preferred Banking clients. Its mission is to deliver first-class service to both current and prospective clients, thereby creating a profitable and solid business. This mission has been translated into a strategy and service concept designed to meet customers' expectations. ABN AMRO offers a wide variety of banking and insurance products and services through the branch network, online and via contact centres, and through subsidiaries.

ABN AMRO's private banking operations in the Netherlands are conducted under the ABN AMRO MeesPierson label; in Europe and Asia these operations are conducted under the ABN AMRO label or under local brand names such as Neuflize and Delbrück Bethmann Maffei. ABN AMRO MeesPierson and ABN AMRO Private Banking offer private banking expertise and tailor-made wealth management services, including investment advice, financial planning, international estate planning, discretionary portfolio management, standard private banking services and insurance products.

Commercial & Merchant Banking

Commercial & Merchant Banking offers customised financial advice and solutions to Netherlands-based companies, including their international operations. Its client base includes business start-ups, small and medium-sized enterprises and larger corporate clients, as well as public institutions, multinationals and institutional investors. Commercial & Merchant Banking is organised along four business activities which serve defined client groups: Business Banking, Corporate Clients, Large Corporates & Merchant Banking, Markets and Marketing & Products, a central unit supporting the business lines.

Group Functions

Group Functions includes activities that do not qualify as a business activity. Group Functions consists of Finance (including ALM/Treasury), Technology Operations & Property Services, Risk Management & Strategy, Integration, Communication & Compliance, Group Audit and the Corporate Office.

Segment information for the first half year 2011

Income Statement

(in millions of euros)				First half year 2011
	Retail & Private Banking	Commercial & Merchant Banking	Group Functions [1]	Total
Net interest income	1,597	881	88	2,566
Non-interest income	622	694	228	1,544
Operating income	**2,219**	**1,575**	**316**	**4,110**
Operating expenses	**1,331**	**1,013**	**400**	**2,744**
Loan impairment and other credit risk provisions	136	191	-17	310
Operating profit/(loss) before taxation	**752**	**371**	**-67**	**1,056**
Income tax expenses	171	55	-34	192
Profit/(loss) for the period	**581**	**316**	**-33**	**864**

[1] The operating results of the Prime Fund Solutions activities (sold on 30 April 2011) and of EC Remedy (sold on 1 April 2010) have been included in the segment Group Functions until the date of completion of the divestment.

Selected statement of financial position

(in millions of euros)				30 June 2011
	Retail & Private Banking	Commercial & Merchant Banking	Group Functions	Total
Assets				
Financial assets held for trading	241	28,430	25	28,696
Loans and receivables - customers [1]	179,372	98,598	3,593	281,563
Total assets	**188,085**	**176,100**	**32,583**	**396,768**
Liabilities				
Financial liabilities held for trading	232	21,978	20	22,230
Due to customers	126,460	85,535	5,315	217,310
Total liabilities	**188,122**	**176,048**	**19,666**	**383,836**

Segment information for the first half year 2010

Income Statement

(in millions of euros) — First half year 2010

	Retail & Private Banking	Commercial & Merchant Banking	Group Functions	Reconciling items	Total
Net interest income	1,730	792	-87	1	2,436
Non-interest income	649	537	-783	-2	401
Operating income	**2,379**	**1,329**	**-870**	**-1**	**2,837**
Operating expenses	**1,448**	**1,075**	**868**	**-1**	**3,390**
Loan impairment and other credit risk provisions	141	231	-24		348
Operating profit/(loss) before taxation	**790**	**23**	**-1,714**		**-901**
Income tax expenses	210	32	-175		67
Profit/(loss) for the period	**580**	**-9**	**-1,539**		**-968**

Selected statement of financial position

(in millions of euros) — 31 December 2010

	Retail & Private Banking	Commercial & Merchant Banking	Group Functions	Total
Assets				
Financial assets held for trading	223	24,014	63	24,300
Loans and receivables - customers	183,971	84,745	5,228	273,944
Total assets	**193,665**	**147,838**	**35,779**	**377,282**
Liabilities				
Financial liabilities held for trading	217	19,602	163	19,982
Due to customers	123,200	76,679	9,587	209,466
Total liabilities	**190,524**	**147,608**	**27,038**	**365,170**

3 Acquisitions and divestments

The table below shows the acquisitions and divestments made in the first half of 2011 and 2010.

(in millions of euros)		30 June 2011		30 June 2010
	Acquisitions	Divestments	Acquisitions	Divestments
Net assets acquired/Net assets divested	**44**	**1,721**	157	-1,045
Cash used for acquisitions/received for divestments	**-44**	**-1,721**	-157	56

Acquisitions
The acquisitions contains increases in the investments in several equity accounted investments.

Divestments 2011
In May 2010, ABN AMRO and Credit Suisse AG signed a sale and purchase agreeement regarding the sale of certain assets and liabilites of Prime Fund Solutions. The sale of the majority of the Prime Fund Solutions activities was completed on 30 April 2011. The assets and liabilities were sold at book value of EUR 287 million. The balance sheet was mostly impacted by a transfer of EUR 2 billion credit client balances and a transfer of EUR 268 million of loans to Credit Suisse AG. ABN AMRO remains the owner of the Prime Fund Solutions legal entities which contain mostly cash positions of EUR 350 million.

On 10 June 2011, ABN AMRO reached agreement with BNP Paribas Fortis on the sale of the non-Dutch activities of factoring company Fortis Commercial Finance (FCF). The Dutch part of FCF will remain with ABN AMRO and be integrated into ABN AMRO's factoring business, ABN AMRO Commercial Finance.The planned sale is subject to the usual conditions, including advice from the Works Council and approval by the relevant authorities, including merger control authorities.

ABN AMRO considers the financial impact of such accounting treatment as immaterial and for that reason it will not be classified and disclosed as a Held for sale transaction. Under IFRS 5, an entity classified as held for sale has to be measured at the lower of its carrying amount and fair value less costs to sell. ABN AMRO has effectively met this requirement by further impairing the remaining goodwill related to FCF by EUR 7 million to EUR 15 million.

Divestment 2010
The closing of the sale of the EC Remedy was concluded on 1 April 2010. The total result recorded was a loss of EUR 812 million.

4 Operating income

(in millions of euros)	First half year 2011	First half year 2010
Net Interest income	2,566	2,436
Net fee and commission income	973	935
Net trading income	119	121
Results from financial transactions	269	17
Share of result in equity accounted investments	46	21
Other income	137	-693
Operating income	**4,110**	**2,837**

Net interest income increased primarily due to the conversion of two capital instruments in 2010, higher volume and margins for Commercial & Merchant Banking, specifically Energy, Commodity & Transportation, partly offset by lower margins in Retail & Private Banking.

The increase of Result from financial transactions is mainly due to positive impact from hedge ineffectiveness, higher fair value option results, revaluation of the Private equity portfolio and the result on the closing of the exchange and cash tender offer for the outstanding subordinated deposit notes.

The realised loss on the sale of the EC Remedy of EUR 812 million was recorded in other income in the first half year of 2010.

5 Operating expenses

(in millions of euros)	First half year 2011	First half year 2010
Personnel expenses	1,388	1,611
General and administrative expenses	1,172	1,520
Depreciation and amortisation of tangible and intangible assets	184	259
Operating expenses	**2,744**	**3,390**

Personnel expenses in the first half 2011 include an addition to the restructuring provision for the customer excellence programme of EUR 200 million. For more information please refer to note 15 Provisions.

General and administrative expenses 2010 include legal provision/expenses relating to international activities conducted in the past by Commercial & Merchant Banking and Retail & Private Banking.

In the first half of 2011 an impairment on goodwill was recognised for an amount of EUR 7 million due to the sale of the international FCF activities and an impairment on property and equipment was recognised for an amount of EUR 4 million.

Depreciation and amortisation of tangible and intangible assets for 2010 include impairments on office buildings and equipment as part of the restructuring and integration for an amount of EUR 68 million.

Personnel expenses

(in millions of euros)	First half year 2011	First half year 2010
Salaries and wages	874	959
Social security charges	108	124
Pension expenses relating to defined benefit plans	149	-1
Defined contribution plan expenses	17	23
Other	240	506
Total personnel expenses	**1,388**	**1,611**

Salaries and wages decreased due to lower number of FTE's. The total number of FTE's declined with 1,049 FTE's in the first half year due to the divestment of Prime Fund Solutions (472 FTE's) and as a result of the integration.

In 2011 the pension expenses are higher in relation to 2010. This is caused by higher interest costs, lower return on plan assets in 2011 and a new Collective Labour Agreement. In addition pension expenses 2010 include releases for curtailment of the pension provision.

Other personnel expenses include dotations to the restructuring provision of EUR 200 million in 2011 for the customer excellence programme; EUR 469 million in 2010 for the integration programme. Details are provided in note 15 Provisions.

6 Financial assets and liabilities held for trading

Financial assets held for trading

(in millions of euros)	30 June 2011	31 December 2010
Debt securities:		
- Treasury bills		75
- Government bonds	3,800	2,822
- Corporate debt securities	1,073	813
Equity securities	13,154	10,497
Total trading securities	**18,027**	**14,207**
Derivatives held for trading:		
Over the counter (OTC)	8,666	7,998
Exchange traded	280	213
Total trading derivatives	**8,946**	**8,211**
Trading book loans	1,088	1,716
Other assets held for trading	635	166
Total assets held for trading	**28,696**	**24,300**

The securities financing activities include all repo-, reverse repo and securities lending and borrowing transactions and are recorded under Loans and receivables - customers, Loans and receivables - banks, Due to customers and Due to banks. Equity derivative business is mainly recorded in Assets held for trading and Liabilities held for trading.

Security Financing

Securities lending describes the market practice by which, for a fee, securities are transferred temporarily from one party, the lender, to another, the borrower; the borrower is obliged to return them either on demand or at the end of any agreed term. The legal ownership transfers to the borrower, while the economic ownership stays at the lender The main drivers to lent securities are yield enhancement (lending fee) and liquidity need. The main driver for borrowing securities is to cover short positions. This short position can either be the result of a speculative position, part of a larger trading strategy or the result of a failed settlement. Other drivers are financing (the lender seeks to borrow cash against securities through a repo transaction, buy/sell backs or cash-collateralised securities lending) and arbitrage strategy such as dividend withholding tax optimisation or scrip dividends.

The internal role of Securities Financing is:

- Proving liquidity in equity and fixed income instruments to internal and external financial markets using securities lending and repo type transactions.
- Managing and optimise access to secured (collateralised) funding for ABN AMRO as window to the market Equity derivatives.

The Equity Derivatives and Credits trades in equity, derivatives products and structured products for retail, private banking and institutional clients. EQD contains, Delta 1, Credit Bonds Trading, Structured Products Trading and Equity Facilitation.

Delta 1 trades derivative products in a delta neutral mandate, both listed and OTC derivatives, such as futures, total return swaps, price return swaps and other equity linked products.

Credit Bonds Trading involves the trading (buying and selling) of bonds issued by non-government issuers. This includes financial institutions and industrial companies, as well as government agencies. Covered bonds are also included in this asset class. Clients include both institutional investors who trade either through the institutional sales group or directly over electronic trading systems (Bloomberg), as well as retail and private wealth clients who come through the retail execution desk. The credit bond trading desk maintains a 'book' in which it can warehouse positions. This way it is capable of providing liquidity to clients in case they want to sell positions and hold on to bonds it considers interesting enough to sell to clients.

Equity Facilitation can take short-term positions in stocks while the sales trading team is looking for a counterparty - this is the facilitation of cross trading. The desk can also facilitate client flow by taking over (part of) a client's position and gradually exiting the position in the open market. Positions are carefully managed with offsetting (hedge) positions in liquid instruments when necessary.

Structured Product Trading provides pricing and maintains a market in structured products linked to different asset classes. We work together with the in-house sales desks to be able to deliver our customers high quality tailor made and value added services. Our activities include the structuring and sale of structured investment products in the primary market, providing the secondary market in these products, as well as hedging the embedded risks.
Financial assets held for trading increased by EUR 4.4 billion as a result of an increase in government bonds and equity securities in the trading portfolio.

Financial liabilities held for trading

(in millions of euros)	30 June 2011	31 December 2010
Short security positions [1]	12,692	10,584
Derivative financial instruments:		
Over the counter (OTC)	8,772	8,351
Exchange traded	334	257
Total derivatives held for trading	**9,106**	**8,608**
Other liabilities held for trading	432	790
Total liabilities held for trading	**22,230**	**19,982**

1) Further in equity (short) security positions in held for trading is mainly linked to the growth in ABN AMRO's equity derivatives activities and are, except for a very small portion, delta hedged. Most of the positions taken by the equity derivative business are triggered by ABN AMRO's clients.

The increase of the liabilities held for trading amounting to EUR 2.2 billion, is mainly due to the increase in short security positions.

7 Financial investments

The composition of Investments is as follows:

(in millions of euros)	30 June 2011	31 December 2010
Investments:		
- Available for sale	18,465	19,840
- Held at fair value through profit or loss	393	368
Total, gross	**18,858**	**20,208**
Impairments:		
- on investments available for sale	-11	-11
Total impairments	**-11**	**-11**
Total financial investments	**18,847**	**20,197**

Investments available-for-sale

The fair value of ABN AMRO's available-for-sale investments including gross unrealised gains and losses are as follows:

(in millions of euros)	30 June 2011	31 December 2010
Interest-earning securities:		
Dutch government	2,738	2,287
US Treasury and US government	373	393
Other OECD government	8,674	8,598
Non OECD government	213	58
Mortgage and other asset-backed securities	3,527	3,596
Financial institutions	2,512	4,270
Non financial institutions	204	442
Subtotal	**18,241**	**19,644**
Equity instruments	224	196
Total	**18,465**	**19,840**

Financial investments decreased by EUR 1.4 billion mainly due to a maturing investment transaction and was partly offset by an increase in Dutch government portfolio as kept within the liquidity portfolio of ABN AMRO.

For an overview of the sovereign and sovereign-guaranteed exposures refer to section 3 Risk management of the Interim Financial Review.

8 Loans and receivables - banks

(in millions of euros)	30 June 2011	31 December 2010
Interest-bearing deposits	7,833	7,312
Loans and advances	4,650	5,379
Reverse repurchase agreements	5,057	2,856
Securities borrowing transactions	29,157	21,162
Mandatory reserve deposits with central banks	2,974	4,187
Other	135	270
Total	**49,806**	**41,166**
Less: loan impairment	-36	-49
Loans and receivables - banks	**49,770**	**41,117**

Loans and receivables banks increased by EUR 8.7 billion mainly due the increase of securities borrowing transactions and reverse repurchase agreements of Commercial & Merchant Banking offset by lower mandatory reserves with the Dutch central bank at month-end.

Details on loan impairments are provided in note 10.

9 Loans and receivables - customers

(in millions of euros)	30 June 2011	31 December 2010
Government and official institutions	3,087	3,259
Residential mortgage	158,075	159,494
Consumer loans	13,789	14,210
Commercial loans	82,242	82,346
Fair value adjustment from hedge accounting	2,155	2,880
Reverse repurchase agreements	17,003	12,096
Securities borrowing transactions	7,465	2,243
Financial lease receivables	206	162
Factoring	1,742	1,540
Total	**285,764**	**278,230**
Less: loan impairment	-4,201	-4,286
Loans and receivables customers	**281,563**	**273,944**

Loans and receivables customers increased by EUR 7.6 billion mainly due to increased positions of securities borrowing transactions and reverse repurchase agreements of Commercial & Merchant Banking securities financing activities.

The decrease in residential mortgages was caused by a small decline of EUR 1.4 billion decrease in the mortgage loans due in part to stricter lending criteria. As of 30 June 2011, the amount of outstanding prime residential mortgages – predominantly Dutch – was EUR 158.1 million.

Details on loan impairments are provided in note 10.

10 Loan impairment charges and allowances

(in millions of euros)	30 June 2011	30 June 2010
On balance	309	346
Off balance	1	2
Total loan impairments	**310**	**348**

(in millions of euros)	Banks	Commercial loans	Consumer loans	Total
On balance as at 1 January 2011	**49**	**3,673**	**613**	**4,335**
New impairment allowances	2	342	173	517
Reversal of impairment allowances no longer required	-9	-155	-17	-181
Recoveries of amounts previously written off		-3	-24	-27
Total loan impairments	**-7**	**184**	**132**	**309**
Amount recorded in interest income from unwinding of discounting		-3	-3	-6
Currency translation differences	-5	-105	-3	-113
Amounts written off (net)	-2	-198	-130	-330
Reserve for unearned interest accrued on impaired loans		41		41
Other adjustments	1	-6	6	1
On balance as at 30 June 2011	**36**	**3,586**	**615**	**4,237**

(in millions of euros)	Banks	Commercial loans	Consumer loans	Total
On balance as at 1 January 2010	**60**	**3,479**	**642**	**4,181**
New impairment allowances	3	424	185	612
Reversal of impairment allowances no longer required	-9	-165	-78	-252
Recoveries of amounts previously written off		-2	-12	-14
Total loan impairments	**-6**	**257**	**95**	**346**
Amount recorded in interest income from unwinding of discounting		-12		-12
Currency translation differences	5	47	6	58
Amounts written off (net)	-9	-42	-134	-185
Effect of (de)consolidating entities		-236	-26	-262
Reserve for unearned interest accrued on impaired loans		25	1	26
Other adjustments		2	2	4
On balance as at 30 June 2010	**50**	**3,520**	**586**	**4,156**

11 Due to banks

(in millions of euros)	30 June 2011	31 December 2010
Deposits from banks:		
- Demand deposits	4,838	2,711
- Time deposits	7,441	6,743
- Other deposits	2,178	3,199
Total deposits	**14,457**	**12,653**
Repurchase agreements	4,196	3,473
Securities lending transactions	7,161	3,439
Advances against collateral	700	700
Other	1,199	1,271
Total due to banks	**27,713**	**21,536**

Due to banks increased by EUR 6.2 billion due to securities financing. The total deposits increased by EUR 1.8 billion. The securities lending increased by EUR 3.7 billion.

12 Due to customers

(in millions of euros)	30 June 2011	31 December 2010
Demand deposits	77,801	80,669
Saving deposits	72,500	69,763
Time deposits	25,807	26,473
Other deposits	13,912	13,593
Total deposits	**190,020**	**190,498**
Repurchase agreements	23,525	16,471
Securities lending transactions	2,695	1,968
Other borrowings	1,070	529
Total due to customers	**217,310**	**209,466**

Due to customers increased by EUR 7.8 billion. Higher saving deposits are mainly in Retail & Private Banking. The total deposits decreased by EUR 0.5 billion and was impacted by the sale of Prime Fund Solutions (EUR 2.0 billion). The repurchase agreements with clients for the securities financing activities increased by EUR 7.8 billion.

13 Issued debt

The following table shows the types of Debt securities issued by ABN AMRO and the amounts outstanding.

(in millions of euros)	30 June 2011	31 December 2010
Bonds and notes issued	74,186	69,535
Certificates of deposit and commercial paper	15,026	15,570
Saving certificates	726	770
Total at amortised cost	**89,938**	**85,875**
Designated at fair value through profit or loss	877	716
Total issued debt	**90,815**	**86,591**

Issued debt increased by EUR 4.2 billion to EUR 90.8 billion and is broadly diversified by market and product. In the first half of 2011, EUR 11.9 billion of long-term funding was raised by issuing senior unsecured, senior secured (covered bonds), Residential Mortgage Backed securities and structured notes. The amount of debt redeemed was EUR 5.0 billion and EUR 2.7 billion of government guaranteed bonds were bought back.

For the amounts issued and redeemed of issued debt during the period please refer to the condensed consolidated statement of cash flows.

The main funding programmes can be specified as follows:

(in millions)	30 June 2011	31 December 2010
Saving certificates	726	770
Funding programme:		
Euro Commercial Paper		
- unguaranteed	7,330	7,563
French Certificats de Dépôt	4,255	4,313
US Commercial paper	3,441	3,694
Medium Term Notes		
- unguaranteed	16,179	11,132
- Dutch State guaranteed	4,947	9,000
Senior Secured Bonds (excl. Asset Backed Securities)	24,071	19,727
Asset Backed Securities		
- Residential Mortgage Backed Securities (Dutch)	26,768	26,844
- Other Asset-backed securities	2,221	2,832
Designated at fair value through profit or loss	877	716
Total	**90,815**	**86,591**

The Senior Secured Bonds mainly consists of covered bonds. ABN AMRO has a covered bond programme available to attract secured long-term funding.

Saving certificates
Saving certificates are non-exchange traded instruments with an annual coupon payment, and have the same characteristics of bonds.

Euro commercial paper
This EUR 25 billion funding programme for the issuance of Euro commercial paper (ECP) allows for unsecured issuances with maturities up to one year. All government guaranteed CP was redeemed in 2010.

French Certificats de Dépôt
This EUR 25 billion funding programme allows for the issuance of unsecured French Certificats de Dépôt (FCD) with maturities up to and including one year, targeting French institutional investors.

US Commercial Paper
To improve diversification of short-term funding sources, this USD 5 billion funding programme was set up to allow ABN AMRO to attract US dollars from local investors in the US. It permits unsecured issuances with maturities up to 270 days.

Medium-Term Notes
This programme allows for the issuance of capital securities and medium-term notes in several currencies such as EUR, JPY, CHF and AUD. Currently we have two Medium Term Notes programmes in place, the EMTN and 144a MTN programme. At 30 June 2011, a total of EUR 16.2 billion was outstanding (up from EUR 11.1 billion at December 2010).

Government Guaranteed Bonds
In 2009 ABN AMRO publicly and privately issued notes under the Dutch State's EUR 200 billion Credit Guarantee Scheme. Issuance under this programme will not be done as from 2011. A total amount of EUR 4.9 billion of State guaranteed notes was outstanding at 30 June 2011 (year-end 2010 total amount of EUR 9.0 billion), whereby the decrease was due to a buy-back transaction (EUR 2.7 billion) and maturity of some notes (EUR 1.4 billion).

Covered bond programme
The Senior Secured Bonds mainly consists of covered bonds.
Covered bonds are secured by a pool of first-ranking Dutch residential mortgage loans originated by ABN AMRO or any of its subsidiaries in the Netherlands, where the underlying real estate is owner occupied.
On 30 June 2011, the total amount outstanding of the active covered bond programme was EUR 24.1 billion, while at 31 December 2010; the total outstanding was EUR 19.7 billion.

Residential Mortgage Backed Securities
Securitisation of mortgages has been a cornerstone of funding mortgage lending in the Netherlands. On 30 June 2011, the total amount outstanding of Residential Mortgage Backed Securities was EUR 26.8 billion (nearly equal to outstanding amount on 31 December 2010).

Other

The balance above includes various structured liabilities that have been designated at fair value through profit or loss of EUR 877 million (December 2010: EUR 716 million).

14 Subordinated liabilities

(in millions of euros)	30 June 2011	31 December 2010
Liability component of subordinated convertible securities	2,000	2,000
Other subordinated liabilities	6,379	6,085
Total subordinated liabilities	**8,379**	**8,085**

For the amounts issued and redeemed of the subordinated liabilities for the period please refer to the condensed consolidated statement of cash flows. In the first half of 2011 ABN AMRO realised two exchanges. With these exchanges short term notes were exchanged in long term notes. In June 2011, ABN AMRO completed an exchange and tender offer for USD 250 million subordinated deposit notes which could not be transferred from RBS N.V. to ABN AMRO at the time of the Legal Demerger. This transaction facilitated investors to exchange the LT2 notes, which were legally owned by RBS but economically owned by ABN AMRO, for similar LT2 issued by ABN AMRO, in accordance with arrangements made in connection with the Legal Demerger.
As a result of this transaction, ABN AMRO's Tier 2 capital increased by USD 113 million (EUR 78 million).
In addition some new notes were issued for an amount of EUR 0.3 billion.

Subordinated liabilities include an amount of EUR 2 billion related to 8.75% Mandatory convertible securities ('MCS'), that converted on 7 December 2010 into shares issued by Ageas. Ageas have claimed from ABN AMRO Group and ABN AMRO Bank, respectively, compensation through the issue of EUR 2 billion in ordinary shares, or alternatively the award of monetary damages in the amount of EUR 2 billion. Both the Dutch State and ABN AMRO contest the purported claim of Ageas. The Dutch State joined the court proceedings, that have been initiated by Ageas in the Netherlands to enforce their purported claim. These proceedings are still pending, without any further material change compared to the situation as per 31 December 2010. It continues to be impossible for ABN AMRO to predict the outcome of the pending court case given the complexity of the matter. More details on the dispute can be found in the 2010 Annual Financial Statements.

15 Provisions

(in millions of euros)	30 June 2011	31 December 2010
Insurance fund liabilities	370	378
Provision for pension commitments	100	101
Restructuring	496	400
Other staff provision	207	186
Other	578	651
Total provisions	**1,751**	**1,716**

Restructuring

Having completed the first phase of the integration and with the new organisation taking shape, we have increased our ambition levels. This has resulted in new initiatives and more ambitious goals for the short and medium term. New initiatives are geared to customer focus and operational excellence, the combination of which we call customer excellence.

Unfortunately the identified efficiency measures will have an impact on staff levels. At this point, we expect a total of 2,350 jobs to be lost until the end of 2014 as a result of the customer excellence programme. At the same time, we expect to create 450 new jobs because of new growth initiatives. Despite our continuous efforts to keep redundancies to a minimum, we expect 1,500 redundancies and 850 positions to be reduced through natural attrition. Most of the redundancies will be in back-office departments (Operations and IT), but there will also be redundancies in Group Functions and R&PB. A restructuring provision for the customer excellence programme of EUR 200 million has been recorded in the first half of 2011. The resulting cost reductions are in addition to the integration benefits.

In the first half year of 2010 a restructuring provision was recorded of EUR 469 million through the income statement. As of 30 June 2011 this provision amounts to EUR 215 million.

Other provisions consists mainly of provisions for tax litigations and legal litigations. These are based on best estimates available at year-end based on the opinion of legal and tax advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

16 Commitments and contingent liabilities

(in millions of euros)	30 June 2011	31 December 2010
Committed credit facilities	13,764	14,553
Guarantees and other commitments:		
Guarantees granted	12,425	15,852
Irrevocable letters of credit	4,268	2,262
Recourse risks arising from discounted bills	5,244	5,079
Total guarantees and other commitments	**21,937**	**23,193**
Total	**35,701**	**37,746**

The decrease of the guarantees granted is partially due to credit umbrella (decrease EUR 1.5 billion). More information about the credit umbrella can be found in note 34 of the 2010 consolidated annual financial statements.

Other contingencies

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in a number of jurisdictions. In presenting the condensed consolidated interim financial information, management makes 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. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated.

On the basis of information currently available, and having taken legal counsel with legal advisers, ABN AMRO has the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the interim financial position and the interim result of ABN AMRO. For a list of the main material legal proceedings see note 38 of the Annual Financial Statements 2010.

Cross liability

Article 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in note 38 of the Annual Financial Statements 2010 ABN AMRO entered into two demergers. One in 2008 with New HBU II N.V. and one in 2010 with RBS N.V. In the first half year 2011 the contingent liability with New HBU II N.V. was decreased to EUR 352 million. The contingent liability with RBS N.V. remained unchanged at EUR 1.8 billion.

17 Fair value of financial instruments

During the first half year of 2011 there were no material transfers between level 1, level 2 and level 3 of the fair value hierarchy. More information about the basis of determining fair values of the financial instruments can be found in the 2010 Annual Financial Statements in note 39.

18 Related parties

Parties related to ABN AMRO include the Dutch State as shareholder of all issued ordinary shares, associates, pension funds, joint ventures, the Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. ABN AMRO has early adopted the partial exemption for government-related entities pursuant to IAS 24 paragraphs 25-27.

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

Balances with joint ventures and associates

(in millions of euros)	30 June 2011				31 December 2010			
	Joint ventures	Associates	Other	Total	Joint ventures	Associates	Other	Total
Assets	19	175	637	831		213	501	714
Liabilities	30	63		93	46	96	4	146
Irrevocable facilities		20		20		15		15
Income received	18	2		20	33	3		36
Expenses paid	9		148	157			136	136

Balances with the Dutch State

(in millions of euros)	30 June 2011	31 December 2010
Assets		
Financial assets held for trading	609	757
Financial investments - available for sale	2,738	2,287
Liabilities		
Due to customers	2,925	2,925
Financial liabilities held for trading	1,143	960
Subordinated loans	1,650	1,650
Income statement		
Interest income	27	85
Interest expense	74	339
Net trading income	-1	6
Net fee and commission income		-138

Transactions conducted directly with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships.

In addition to the balances with the Dutch State reported in the table above, the following transactions have been conducted with the Dutch State:

- RBS continues to legally own certain Consortium Shared assets and liabilities. This means that those assets and liabilities are for the risk and reward of RBS, Santander and the Dutch State as shareholder of RFS Holdings B.V. On 1 April 2010 ABN AMRO Bank signed an indemnity agreement with the Dutch State for a shortfall in capital above a certain amount relating to certain of those assets and liabilities. ABN AMRO has assessed the risk for such a shortfall and considers the risk to be remote.

As stated in note 38 of the Annual Financial Statements 2010 ABN AMRO took over the cross-liability exposure for NEW HBU II N.V. on Royal Bank of Scotland N.V. for a period of five years starting 1 April 2010. ABN AMRO received an indemnity from the Dutch State for this exposure for the same period.

19 Post balance sheet events

An interim dividend of EUR 200 million was declared by the Managing Board after 30 June 2011 for which the necessary approval has been obtained.

ABN AMRO announced on 16 August 2011 it had reached an agreement with Union Bancaire Privée, UBP SA, on the sale of ABN AMRO's Swiss Private Banking activities.

Following a strategic review ABN AMRO decided to focus the Private Banking activities on strengthening the ABN AMRO's top 3 position in the Eurozone and to accelerate growth in Asian markets. As a consequence, ABN AMRO decided to divest the Private Banking activities in Switzerland.

The sale is expected to result in a solid book gain. The planned sale is subject to certain conditions being met, including approval by the relevant regulatory and merger control authorities. Final closing is expected in the fourth quarter of 2011.

To: the Shareholders, Supervisory Board and Management Board of ABN AMRO Group N.V.

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of ABN AMRO Group N.V., Amsterdam, included on page 39 to 72, which comprises the condensed consolidated statement of financial position as at 30 June 2011, the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows and the selected explanatory notes for the six months then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2011 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 25 August 2011

KPMG ACCOUNTANTS N.V.
D. Korf RA

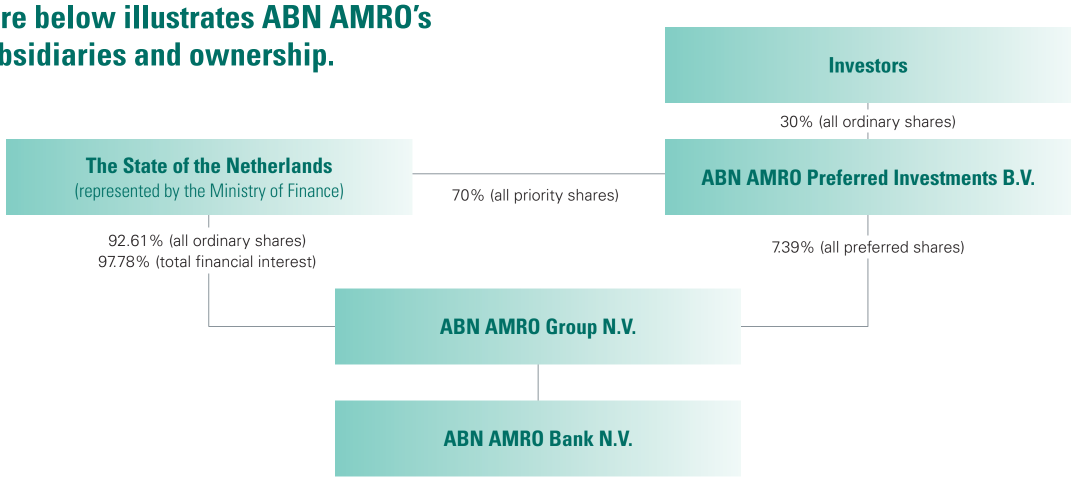
additional information 9

Provisions of the Articles of Association and other information concerning interim dividend
As provided for in the Articles of Association, the Management Board is allowed, with approval of the Supervisory Board, to distribute interim dividend. Interim dividend on ordinary shares can not be paid out if at the time of such pay-out there exists a credit balance of dividend reserve A. Such dividend reserve A can be distributed pursuant to a decision of the General Meeting of Shareholders. The Managing Board may propose, with the approval of the Supervisory Board, to the General Meeting of Shareholders distribution of dividend reserve A.

ABN AMRO announced on 4 March 2011 that it has established a dividend policy that targets a dividend payout of 40% of the reported annual profit. Following the state aid investigation, until and including 13 March 2013 the European Commission only allows ABN AMRO to make a dividend payment on its ordinary shares provided the dividend payment exceeds EUR 100 million per annum.

legal structure and ownership 10

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



abbreviations 11

A-IRB	Advanced Internal Rating Based Approach
ALM/T	Asset & Liability Management/Treasury
AuM	Asset under management
C&MB	Commercial & Merchant Banking
COO	Chief Operating Officer
DNB	De Nederlandsche Bank (Dutch central bank)
DSTA	Dutch State Treasury Agency
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECP	Euro Commercial Paper
ECT	Energy, Commodities & Transportation
EU	European Union
EUR	Euro
FCD	French Certificats de Dépôt
FCF	Fortis Commercial Finance
FTE	Full-time equivalent
GBP	British pound
GGB	Government Guaranteed Bonds
ID&JG	International Diamond & Jewelry Group
IFRS	International Financial Reporting Standards
LC&MB	Large Corporate & Merchant Banking
LCR	Liquidity coverage ratio
LT	Lower Tier
LtD	Loan-to-Deposit ratio
MCS	Mandatory Convertible Securities
NII	Net interest income
NSFR	Non Stable Funding Ratio
OTC	Over the Counter
PFS	Prime Fund Solutions
PSI	Private Sector Involvement
R&PB	Retail & Private Banking
RMBS	Residential Mortgage Backed Securitisations
RWA	Risk Weighted Assets
SF/NLA	Stable funding over non-liquid assets ratio
SME	Small and medium-sized enterprises
TOPS	Technology, Operations & Property Services
UCR	Uniform Counterparty Rating
USD	US dollar
UT2	Upper Tier 2
VaR	Value-at-Risk

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

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