ABN·AMRO

IR / Press Release

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ABN AMRO Group reports substantial increase in underlying profit to EUR 974 million in H1 2011 and declares an interim dividend of EUR 200 million

- **Reported net profit for H1 2011 is EUR 864 million compared with a reported net loss of EUR 968 million in H1 2010**
- **Underlying net profit amounts to EUR 974 million. Underlying net profit for H1 2010 was EUR 325 million**
- **Retail & Private Banking showed strong results, Commercial & Merchant Banking realised higher net profit**
- **The underlying cost/income ratio improved to 63% from 75% in H1 2010**
- **At 30 June 2011, core Tier 1, Tier 1 and total capital ratio under Basel II were 11.4%, 13.9% and 18.2% respectively**
- **Reported net profit for Q2 2011 was EUR 325 million. Underlying net profit for Q2 2011 amounted to EUR 391 million despite a EUR 149 million (after tax) restructuring provision for the customer excellence programme**
- **Interim dividend of EUR 200 million to be paid on the ordinary shares**

Gerrit Zalm, Chairman of ABN AMRO Group comments: *"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. 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 2011 results should therefore not be extrapolated to the remainder of the year.

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 customer excellence programme specifically identifies and improves those aspects of our service which matter most to our clients and aims to improve the efficiency of our service, processes and systems.

Unfortunately these initiatives will have an impact on our employees. At this point in time we expect a total of 2,350 positions to be lost in the next 3-4 years. Despite continuous efforts to reduce redundancies to a minimum, 1,500 positions are expected to go through redundancies and the remaining 850 through natural attrition. At the same time, 450 new jobs will be created. A restructuring provision of EUR 200 million (pre-tax) has been recorded for this purpose in the first half of 2011. 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."

Underlying results of ABN AMRO Group

Underlying results

in EUR million	*H1 2011*	*H1 2010*	*change*
Net interest income	*2,566*	*2,436*	*5%*
Non-interest income	*1,544*	*1,213*	*27%*
Operating income	4,110	3,649	13%
Operating expenses	2,598	2,744	-5%
Loan impairments	310	348	-11%
Operating profit before taxes	**1,202**	**557**	**116%**
Income tax expenses	228	232	-2%
Profit for the period	**974**	**325**	**200%**
Underlying cost/income ratio	**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	25,112	26,161	-4%

The reported profit for the first half of 2011 was EUR 864 million and includes EUR 110 million (after tax) of separation and integration-related costs. Below is an overview of the separation and integration-related items.

Separation and integration related costs

	H1 2011		*H1 2010*	
in EUR million	*Gross*	*Net*	*Gross*	*Net*
R&PB	1	1	14	10
C&MB	0	0	10	8
Group Functions	0	0	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	**0**	**0**	**812**	**812**
Total	**146**	**110**	**1,458**	**1,293**

For a better understanding of underlying trends, the reported 2011 and 2010 figures have been adjusted for these separation and integration-related items (which include the forced sale under the EC Remedy). The analysis presented in this press release is based on these so called underlying results unless otherwise indicated. For a more detailed overview of the separation and integration-related costs as well as a reconciliation of the reported and underlying results, please refer to Annex 4.

Underlying results for the first half of 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.

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.

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

- 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 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 were 5% lower as operating expenses in the first half of 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 10). 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 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 for the consumer loan portfolio, which were offset by slightly higher impairments for 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 which 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).

- 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.

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[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)

Underlying results for the second quarter of 2011

Underlying results			
in EUR million	***Q2 2011***	***Q1 2011***	***change***
Net interest income	*1,302*	*1,264*	*3%*
Non-interest income	*776*	*768*	*1%*
Operating income	2,078	2,032	2%
Operating expenses	1,422	1,176	21%
Loan impairments	185	125	48%
Operating profit before taxes	**471**	**731**	**-36%**
Income tax expenses	80	148	-46%
Profit for the period	**391**	**583**	**-33%**
Underlying cost/income ratio	**68%**	**58%**	

Other items			
	30 June 2011	***31 March 2011***	***change***
Assets under Management (in EUR billion)	162.1	167.9	-3%
Risk-Weighted Assets (in EUR billion)	109.1	109.4	0%
FTEs	25,112	25,862	-3%

Profit for the second quarter of 2011 amounted to EUR 391 million compared with EUR 583 million in the first quarter of 2011. Profit in the second quarter of 2011 was impacted by several incidental items. These include a restructuring provision (EUR 200 million pre-tax and EUR 149 million after tax) as well as several positive one-offs (totalling approximately EUR 90 million after tax) compared with approximately EUR 60 million after tax of positive one-offs in the first quarter of 2011.

- Operating income was 2% higher quarter-on-quarter, benefiting from several one-offs (see above).

  Net interest income rose 3% compared to the first quarter of 2011, mainly due to incidental interest-related items. This was partially offset by a small decrease in net interest income at R&PB which experienced some margin pressure on deposits as well as a slightly lower mortgage loan book in the second quarter. C&MB's net interest income remained unchanged quarter-on-quarter.

  Non-interest income increased by 1% quarter-on-quarter thanks to higher results on equity accounted investments (among which Delta Lloyd and Equens) and a gain on an exchange of a lower tier 2 instrument in the second quarter. This positive effect was partially offset by lower client activity compared to a strong first quarter in Private Banking and Markets due to increased market uncertainty. In addition, the activities of PFS were sold at the start of the second quarter of 2011.

  Assets under Management (AuM) declined by EUR 5.8 billion mainly due to the transfer by several clients of 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 (total impact approximately EUR 4.5 billion).

- Operating expenses were up EUR 246 million, or 21%, compared to the first quarter of 2011. The increase was for a large part the result of a restructuring provision (EUR 200 million) and an additional charge for the Dutch Deposit Guarantee scheme relating to subordinated DSB deposits (EUR 18 million).

- As a consequence, the cost/income ratio increased to 68% compared to 58% in the first quarter of 2011. If the restructuring provision and the abovementioned positive one-offs (in both quarters) were to be excluded, the cost/income ratio would have been 60% in the first and second quarter.

- Loan impairments were EUR 185 million in the second quarter, an increase of 48% compared to previous quarter. The increase was mainly related to several additions for the Corporate Clients portfolio and a small rise in loan loss provisioning for the mortgage loan book. The increase in loan impairments was partly offset by a EUR 52 million release of a Madoff-related loan impairment provision.

- In the second quarter, the number of FTEs (which excludes temporary staff) declined by 750 as the result of the sale of PFS (472 FTEs) and further staff reductions at Group Functions following the integration.

Balance sheet

Statement of financial position in EUR million	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 49 “Basis of presentation” of the 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 in the securities financing[4] and equity derivatives activities[5]. 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.

Loans and receivables - customers in EUR million	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**

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

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 the 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.

- 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).

Due to customers

in EUR million	**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 (including securities financing activities)	**27,290**	**18,968**
Total due to customers	**217,310**	**209,466**

- 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.

Capital Management

ABN AMRO is well capitalised with core Tier 1 and Tier 1 ratios of 11.4% and 13.9% respectively and a total capital adequacy ratio of 18.2% as at 30 June 2011.

Regulatory capital

in EUR million	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 Capital Instruments	2,744	2,750
Tier 1 Capital	15,200	14,834
Subordinated liabilities Upper Tier 2	165	173
Subordinated liabilities Lower Tier 2	4,915	4,747
Sub-Debt (Tier 2)	5,080	4,920
Other	-473	-418
Total Capital	19,807	19,336
Risk-Weighted Assets	109,119	116,328
Core Tier 1 ratio	11.4%	10.4%
Tier 1 ratio	13.9%	12.8%
Total Capital ratio	18.2%	16.6%

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

Change in capital

Sixty percent of the EUR 864 million reported net profit, i.e. EUR 518 million, is included in core tier 1 capital in accordance with regulations and the dividend policy, which targets a payout of 40% of the net reported profit.

The exchange offer for Lower Tier 2 (LT2) capital instruments and new issuance completed in April this year had a positive impact on Basel II as well as on future Basel III capital ratios. Under the current interpretation of Basel III rules, the newly issued LT2 notes are expected to qualify for grandfathering.

Furthermore 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).

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 Basel II models, a EUR 1.8 billion decrease in RWA for the Credit Umbrella with Deutsche Bank, ongoing data quality improvements and the sale of PFS. These decreases were partly offset by an increase in RWA due to business growth (EUR 1.3 billion), mainly in C&MB.

Dividend

The 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.

Basel III
Under the new Basel III rules, capital requirements are expected to increase and additional capital deductions and prudential filters will be introduced. Based on analysis of the currently known 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. The application of Basel III rules communicated by the BIS to the 30 June 2011 Basel II capital ratios would result in the following calculations:

- Applying expected 1 January 2013 rules: Common Equity Tier 1 ratio would amount to 10.3%, Tier 1 ratio to 12.4% and total capital ratio to 13.7%
- Applying full phase-in rules for capital deductions, regulatory adjustments and RWA adjustments, combined with transitional arrangements for capital instruments as applicable in January 2013: Common Equity Tier 1 ratio would amount to 9.3%, Tier 1 ratio to 11.4% and Total Capital Ratio to 13.2%

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.

Liquidity and funding
Client deposits that ABN AMRO gathers through its R&PB and C&MB networks are the main source of funding for the bank. The bank also attracts and places money market deposits and issues debt instruments through wholesale markets.

Execution of funding plan
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 diversify funding sources. The maturity profile improved due to an increase in the average maturity of long-term funding and successful liability management transactions. Further diversification of funding instruments, geography and currencies was achieved.

Following a successful refinancing exercise in 2010, an amount of EUR 12.4 billion was raised and EUR 2 billion of funding's maturity was extended 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. Additionally, in April a buyback of EUR 2.7 billion of Government Guaranteed Bonds (GGB) was executed. The outstanding amount reduced to EUR 4.9 billion at 30 June 2011 as a result of the buyback of the GGB and redemptions.

Liquidity parameters

in EUR billion	*30 June 2011*	*31 December 2010*
Loan to deposit ratio	134%	135%
Available Liquidity buffer (in EUR billion)	32.9	47.9

The loan to deposit ratio (LtD ratio) improved slightly to 134% on 30 June 2011 from 135% 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.

The liquidity buffer portfolio currently consists mainly of cash, government bonds and retained RMBS. 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 on 30 June 2011, compared to EUR 47.9 billion on 31 December 2010, and remains more than adequate. The decrease in the buffer is mainly a result of the cancellation and restructuring of tranches of retained RMBS notes. Restructured new ECB eligible notes were launched on 14 July 2011 and provide an additional liquidity value of EUR 7.2 billion as per August 2011.

ABN AMRO targets compliance with Basel III liquidity regulation by 2013 at the latest. Initiatives are being taken to prepare the business and the product portfolio for the transition to Basel III. The Liquidity Coverage Ratio (LCR) for ABN AMRO was around 60%. In the run-up to full Basel III implementation, ABN AMRO intends to actively manage the LCR. The LCR can be steered relatively easily by for instance increasing the pool of highly liquid assets. The Net Stable Funding Ratio (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.

Risk Management

Although market conditions were challenging, the profile of the loan portfolio remained sound and the credit risk profile, in terms of expected loss, remained stable across all businesses. The mortgage loan portfolio quality remained good with a low level of problem loans. The Dutch housing market is however slow with slightly declining property prices in real terms. There were no significant changes in the total level of impairments for specific credit risk.

The impaired portfolio (defined as total loans recorded in grade category 'defaults with provision') increased by 6% and is mainly due to an inflow related to the retail mortgage loan portfolio and Business Banking exposures. Given the inflow in impaired loans (most of these loans are well-covered by collateral) and the slight decrease in impairments for specific credit risk in the first half of 2011, the coverage ratio decreased, both in R&PB and C&MB. The overall coverage ratio per end of June 2011 equalled 55% (31 December 2010: 61%).

Sovereign and sovereign guaranteed exposures

Total exposure to sovereign debts of Ireland (EUR 0.1 billion), Spain (EUR 0.1 billion) and Italy (EUR 1.3 billion) accounted for 0.4% of the balance sheet total. There was no direct sovereign debt exposure to Greece and Portugal, only to Greek sovereign-guaranteed debt (EUR 1.4 billion).

EU Government & government guaranteed sovereign exposures

Country (in EUR billion)	**Government**	**Government Guaranteed**	**30 June 2011 Total**	**31 December 2010 Total**
Netherlands	7.2	2.5	9.7	8.9
Germany	2.8	0.8	3.6	2.1
France	2.3	0.2	2.6	2.3
Belgium	1.6	0.0	1.6	2.6
Greece	0.0	1.4	1.4	1.4
Italy	1.3	0.0	1.3	1.3
Austria	0.9	0.0	0.9	0.9
UK	0.9	0.0	0.9	0.9
Poland	0.2	0.0	0.2	0.3
Finland	0.2	0.0	0.2	0.1
Ireland	0.1	0.0	0.1	0.1
Spain	0.1	0.0	0.1	0.1
Portugal	0.0	0.0	0.0	0.2
Total	**17.7**	**4.9**	**22.6**	**21.2**

The comparative exposure for the Netherlands has been adjusted to exclude the deposits with DNB.

The majority of our government and government-guaranteed exposures are recorded in the available-for-sale portfolio in the investment book. An unrealised gain of EUR 452 million (year-end 2010: EUR 530 million) was recorded on these exposures. Of the unrealised gain, fair value hedge accounting was applied for an amount of EUR 521 million (year-end 2010: EUR 574 million), leaving a net unrealised loss of EUR 69 million (year-end: 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 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. 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 and there was no objective evidence of impairment at balance sheet date. Developments after 30 June 2011 are explained on page 11.

Integration
ABN AMRO made good progress with the integration and significant benefits (approximately EUR 550 million until the end of June 2011) have been realised as reflected in the improvement of the cost/income ratio to 63%. ABN AMRO is currently preparing the migration of C&MB and Private Banking Netherlands clients of former FBN platforms to ABN AMRO systems. Integration activities are on track and are expected to be finalised as planned by the end of 2012.

As communicated in 2009, the planned integration and efficiency measures would result in a net FTE reduction of approximately 4,500 FTEs (the total of a loss of 6,000 jobs and 1,500 new jobs to be created) per year-end 2012. The starting point was a combined workforce at year-end 2008 of approximately 30,200 FTEs (including temporary staff and excluding the announced divestments of Intertrust, EC Remedy and PFS). As per the end of June 2011, approximately 26,500 FTEs (including temporary staff) were employed by the bank. Since the end of 2008, a reduction of approximately 3,700 FTEs has been realised. This reduction is the combined effect of natural attrition, redundancies and new jobs created. A further net reduction of approximately 800 FTEs (including temporary staff) is therefore expected upon completion of the integration.

In its press release of 20 May 2011 ABN AMRO reported on the EC State Aid Decision dated 5 April 2011. On 14 June 2011, ABN AMRO has appealed, more precisely the acquisition ban imposed thereby, with the Court in Luxembourg. Please note that the lodging of appeal has not suspended the aforesaid Decision. The EC now has to file its Statement of Defense.

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' applications 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 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.

Credit ratings
As a result of the progress ABN AMRO showed in the past 12-18 months, several credit rating actions occurred in the first half of 2011:

- On 10 June 2011 Standard & Poors affirmed the ratings at A/Stable/A-1 and raised the stand alone unsupported rating (SACP) by one notch to 'A-' (from BBB+);
- On 29 June 2011 Fitch Ratings affirmed the ratings at A+/Stable/F1+ at the rating floor and raised the individual unsupported rating to 'C' (from 'D'). On 20 July 2011, Fitch introduced the concept of viability ratings to replace the individual unsupported rating: the new viability rating is set at 'bbb+';
- Moody's and DBRS have not revised their current ratings of Aa3/Stable/P-1 and A(h)/Stable/R-1(m) respectively.

Update since 30 June 2011

EBA stress test
ABN AMRO announced on 15 July 2011[6] 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 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
Our Greek position consists of loans to state-owned corporates and all financial obligations have been met until today. A new legislative framework has been adopted in Greece that would allow for possible restructuring of certain state-owned corporates and their debt. However, the implementation of these laws requires additional implementation measures and approval from several government ministries. To date, these have not been executed nor approved. Furthermore, ABN AMRO has identified legal constraints on the implementation of these laws and is currently assessing the potential consequences in the event the restructuring would be implemented, as this may have an impact on our Greek government-guaranteed exposures.

It is not clear yet (i) if and when implementation will take place; (ii) what the situation in general, and for the bank more specific, will be after this potential implementation, and therefore it is also still unclear (iii) which possible actions the bank 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, the EU Private Sector Involvement Programme (PSI) as announced on 21 July 2011 could possibly apply to ABN AMRO as well. However, at this point, this is still unclear and further investigation is pending.

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 with around 350 employees in 4 locations. The sale is expected to result in a 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.

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[6] 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

Annex 1: Segment reporting

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.

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).

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.

Underlying results of Retail & Private Banking

Underlying results R&PB

in EUR million	*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

in EUR million	*30 June 2011*	*31 December 2010*	*change*
Assets under Management (in EUR billion)	162.1	164.2	-1%
Loans and receivables customers (in EUR billion)	179.4	184.0	-2%
Due to customers (in EUR billion)	126.5	123.2	3%
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.

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.

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 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. Not withstanding 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 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 as 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 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.

Underlying results of Commercial & Merchant Banking

Underlying results C&MB			
in EUR million	*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			
in EUR million	*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.

C&MB is organised into Business Banking, Corporate Clients, Large Corporates & Merchant Banking (LC&MB) and Markets. Marketing & Products is a central unit supporting these businesses.

C&MB's profit for 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 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 and Corporate Clients as well as 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 non-interest income.

- 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 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.

Underlying results of Group Functions

Underlying results Group Functions			
in EUR million	***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			
in EUR million	***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%

Group Functions supports ABN AMRO´s businesses and consists of Technology, Operations & Property Services (TOPS); Finance (including ALM/Treasury); Risk Management & Strategy; Integration, Communication & Compliance; Group Audit and the Corporate Office. Group Functions also includes operating results from divested activities.

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 12).

- 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 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 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 2011 of 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.

Annex 2: Reported Consolidated Income Statement

Reported results		
in EUR million	***H1 2011***	***H1 2010***
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	4,110	2,837
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
Loan impairments	310	348
Operating profit before taxes	**1,056**	**-901**
Income tax expenses	192	67
Profit for the period	**864**	**-968**
Attributable to:		
Shareholders of the company	*856*	*-970*
Non-controlling interests	*8*	*2*
Reported cost/income ratio	**67%**	**119%**

Annex 3: Consolidated Statement of Financial position

Statement of financial position *in EUR million*	**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
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*
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
Provisions	*1,751*	*1,716*
Accrued interest and deferred income	*5,721*	*6,602*
Current tax liabilities	*304*	*323*
Deferred tax liabilities	*53*	*58*
Other liabilities	*9,560*	*10,811*
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**

Annex 4: Reconciliation from reported to underlying results and quarterly results

Reconciliation

As announced with the first-half 2010 results, the reported figures were impacted by several items related to the separation of ABN AMRO Bank from RBS N.V. and FBN from Fortis Bank SA/NV and the integration of ABN AMRO Bank and FBN. For a better understanding of the underlying trends, the 2010 and 2011 figures have been adjusted for these items.

Income Statement

	Reported		Separation & integration-related costs		Underlying	
in EUR million	**H1 2011**	**H1 2010**	**H1 2011**	**H1 2010**	**H1 2011**	**H1 2010**
Net interest income	*2,566*	*2,436*	*0*	*0*	*2,566*	*2,436*
Non-interest income	*1,544*	*401*	*0*	*-812*	*1,544*	*1,213*
Operating income	4,110	2,837	0	-812	4,110	3,649
Operating expenses	2,744	3,390	146	646	2,598	2,744
Loan impairments	310	348	0	0	310	348
Operating profit before taxes	**1,056**	**-901**	**-146**	**-1,458**	**1,202**	**557**
Income tax	192	67	-36	-165	228	232
Profit for the period	**864**	**-968**	**-110**	**-1,293**	**974**	**325**

Income Statement R&PB

	Reported		Separation & integration-related costs		Underlying	
in EUR million	**H1 2011**	**H1 2010**	**H1 2011**	**H1 2010**	**H1 2011**	**H1 2010**
Net interest income	*1,597*	*1,730*	*0*	*0*	*1,597*	*1,730*
Non-interest income	*622*	*649*	*0*	*0*	*622*	*649*
Operating income	2,219	2,379	0	0	2,219	2,379
Operating expenses	1,331	1,448	14	22	1,317	1,426
Loan impairments	136	141	0	0	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**

Income Statement C&MB

	Reported		Separation & integration-related costs		Underlying	
in EUR million	**H1 2011**	**H1 2010**	**H1 2011**	**H1 2010**	**H1 2011**	**H1 2010**
Net interest income	*881*	*792*	*0*	*0*	*881*	*792*
Non-interest income	*694*	*537*	*0*	*0*	*694*	*537*
Operating income	1,575	1,329	0	0	1,575	1,329
Operating expenses	1,013	1,075	6	15	1,007	1,060
Loan impairments	191	231	0	0	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**

Income Statement Group Functions

in EUR million	Reported		Separation & integration-related costs		Underlying	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Net interest income	*88*	*-87*	*0*	*0*	*88*	*-87*
Non-interest income	*228*	*-783*	*0*	*-812*	*228*	*29*
Operating income	316	-870	0	-812	316	-58
Operating expenses	400	868	126	609	274	259
Loan impairments	-17	-24	0	0	-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**

Quarterly results

Quarterly reported results

in EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	*1,302*	*1,264*	*1,234*	*1,235*	*1,248*	*1,188*
Non-interest income	*776*	*768*	*722*	*769*	*-246*	*647*
Operating income	2,078	2,032	1,956	2,004	1,002	1,835
Operating expenses	1,508	1,236	1,503	1,336	2,001	1,389
Loan impairments	185	125	257	232	269	79
Operating profit before taxes	**385**	**671**	**196**	**436**	**-1,268**	**367**
Income taxes	60	132	-17	95	-50	117
Profit for the period	**325**	**539**	**213**	**341**	**-1,218**	**250**

Quarterly underlying results

in EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	*1,302*	*1,264*	*1,234*	*1,235*	*1,248*	*1,188*
Non-interest income	*776*	*768*	*772*	*769*	*566*	*647*
Operating income	2,078	2,032	2,006	2,004	1,814	1,835
Operating expenses	1,422	1,176	1,392	1,199	1,440	1,304
Loan impairments	185	125	257	232	269	79
Operating profit before taxes	**471**	**731**	**357**	**573**	**105**	**452**
Income taxes	80	148	48	130	94	138
Profit for the period	**391**	**583**	**309**	**443**	**11**	**314**

Cautionary statement on forward-looking statements

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

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

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

- 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 and the spill over effects of the Government debt concerns on ABN AMRO Group '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 Group in particular;
- the effect on ABN AMRO Group ’s capital of write-downs in respect of credit exposures;
- risks related to ABN AMRO Group’s merger, separation and integration process;
- general economic 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 Group 's revenues, liquidity and balance sheet;
- actions taken by governments and their agencies to support individual banks and the banking system;
- monetary and interest rate policies of the European Central Bank and G-20 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 Group in managing the risks involved in the foregoing.

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