Interim Report & Quarterly Report

Second quarter 2017

ABN AMRO Group N.V.

Notes to the reader

Introduction

This report represents the Quarterly Report for the second quarter of 2017, the interim report for 2017 and includes the Condensed Consolidated Interim Financial Statements for 2017. The report provides an update of ABN AMRO's share performance, the quarterly and first half year business update and financial review, an economic update and selected risk, funding, liquidity and capital disclosures.

Presentation of information

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

Developments in the results for the first six months of 2017 compared with the first six months of 2016 and in the financial position as at 30 June 2017 compared with 31 December 2016 constitute the Interim Financial Statements and are indicated separately. In addition, this report contains an analysis of the performance during the second quarter of 2017. For further details on the first quarter of 2017, please refer to the Quarterly Report for the first quarter of 2017.

To provide a better understanding of the underlying results, ABN AMRO has adjusted its 2016 results, presented in accordance with EU IFRS, for defined special items.

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

As a result of an IFRIC rejection notice of 6 April 2016, ABN AMRO adjusted its accounting policies for offsetting per Q2 2016. The bank offsets balances if it is legally entitled to set off the recognised amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously. The IFRIC rejection notice provides additional offsetting guidance for cash pooling agreements. The adjusted offsetting policy is applied consistently to all assets and liabilities, if applicable. In addition to the offsetting changes on notional cash pooling, ABN AMRO concluded that offsetting would no longer be applied to bank savings mortgages. To ensure a correct historical interpretation of the bank's performance, the comparative figures in Figures at a glance, as well as the net interest margin (NIM) and cost of risk (CoR) in the Financial review section, are presented excluding the impact of these adjustments and therefore remain in line with previously disclosed figures.

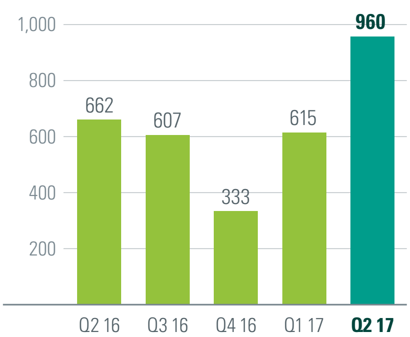
To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, investor presentation and factsheet on the Q2 2017 results.

Executive Board Report

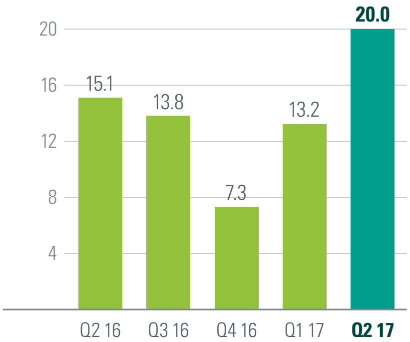
Introduction
Business
Risk, funding & capital information
Interim Financial Statements 2017
Other

Figures at a glance

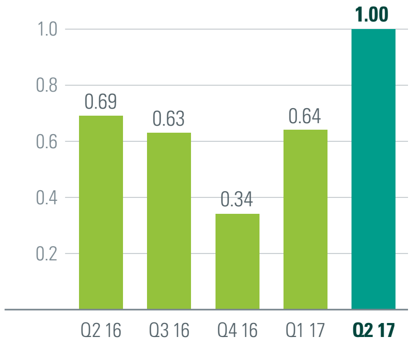
Underlying net profit
(in millions)



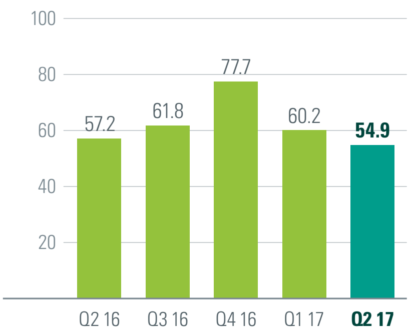
Underlying return on equity
Target range is 10-13 (in %)



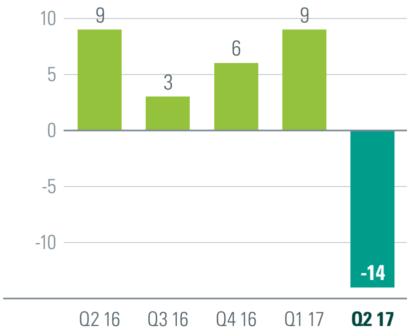
Underlying earnings per share
(in EUR)



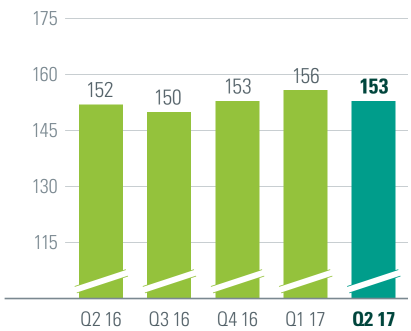
Underlying cost/income ratio
2020 target range is 56-58 (in %)



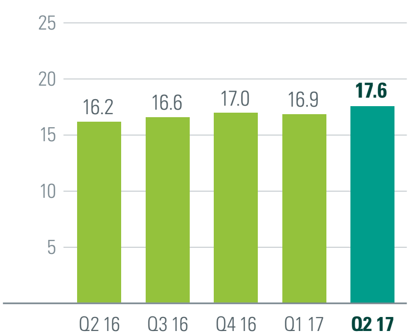
Underlying cost of risk[1]
(in bps)



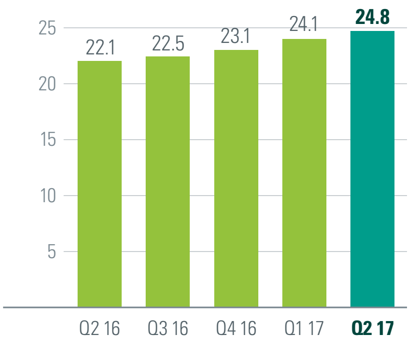
Underlying net interest margin[1]
(in bps)



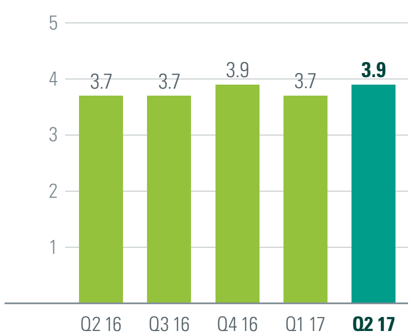
CET1 (fully-loaded)
(end-of-period, in %)
Target range is 11.5-13.5 (in %)



Total capital ratio (fully-loaded)
(end-of-period, in %)



Leverage ratio (fully-loaded, CDR)
(end-of-period, in %)



[1] For management view purposes the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in the Notes to the reader section of this report.

Message from the CEO

We are diligently executing our strategy and are on track to meeting our financial targets.

Our strategy centres around our clients. We are client-driven and aim to empower our clients to make the best financial decisions and take charge of their financial lives by offering relevant and innovative propositions. To achieve sustainable growth, we continue to invest in our digital strategy and prepare for PSD II and open banking. Several examples are presented in the Business Update.

The 2017 second-quarter result, a net profit of EUR 960 million, benefited from a book gain of EUR 200 million on the sale of Private Banking Asia and the refinement of two risk models. The underlying trend in the second quarter was generally positive, also supported by continued growth of the Dutch economy. The mortgage and Commercial Banking loan books, which started to grow at the end of 2016, continued their growth path. The C&IB loan book declined on the back of a lower US dollar and lower oil prices. Excluding these effects, this loan book showed growth as well. The quality of our loan book remained good and further releases of loan impairments were recorded, also driven by model refinements. All of this underscores our moderate risk profile.

The underlying cost development is starting to show the benefits from the previously announced cost-saving plans, also visible in a strong decline in the number of employees. The cost/income ratio improved to 57.4% in H1 2017 (H1 2016: 61.8%) and the return on equity increased to 16.7% (H1 2016: 13.1%). Both were positively impacted by the sale of Private Banking Asia and the refinement of two risk models. Our capital position improved further and the fully-loaded CET1 ratio was 17.6% at the end of June 2017. We still expect an agreement on Basel IV; however, if no agreement is reached this year, we will present an updated view on our capital position in the first quarter of 2018. We will pay an interim dividend over H1 2017 of EUR 0.65 per share. The targeted dividend payout ratio over 2017 is 50% of the reported net profit.

We are on track with our IT transformation programme. Our efforts are being recognised, and Vlerick Business School named ABN AMRO the number 1 company in the Netherlands in digital transformation, something we are very proud of. Vlerick concluded that to ensure a successful and complete digital transformation, companies need to make steady and equal progress in the areas of strategy, processes, talent, technology, culture and governance. ABN AMRO scored well in all of these areas.

Another investment in the future is our commitment to sustainability. ABN AMRO is committed to making residential and commercial real estate in the Netherlands more sustainable. Our client loan portfolio is where we can make a difference, as two-thirds of our loan book is related to real estate. We are the first Dutch bank to make an ambitious and concrete commitment in this area. We aim to improve the average energy efficiency of our own and our clients' properties to label 'A' by 2030. This represents a reduction of 2 megatonnes of carbon emissions in the Netherlands, which is equivalent to the annual emissions produced by 800,000 cars. We are already implementing measures at our own branches and headquarters, and we will facilitate our clients in this process by offering online tools, advice and convenient financing products. In this way we will create value for our clients, employees, investors and society as a whole.

Our focus on sustainability has already been recognised by the VBDO, the Dutch Association of Investors for Sustainable Development. The VBDO concluded in its report on the sustainability performance of Dutch listed companies that ABN AMRO is at the forefront of the financial sector in measuring and reporting on environmental impact. ABN AMRO was also named a frontrunner in transparency on human rights.

Part of my mandate as CEO is to create the conditions for the Dutch State to further sell down its remaining shareholding in ABN AMRO. I am pleased to report that at the end of the second quarter NLFI sold another 7% of its shares in ABN AMRO, lowering its stake from 70% to 63%.

All these developments show that we are on course to achieve our strategic ambitions.

Kees van Dijkhuizen
CEO of ABN AMRO Group N.V.

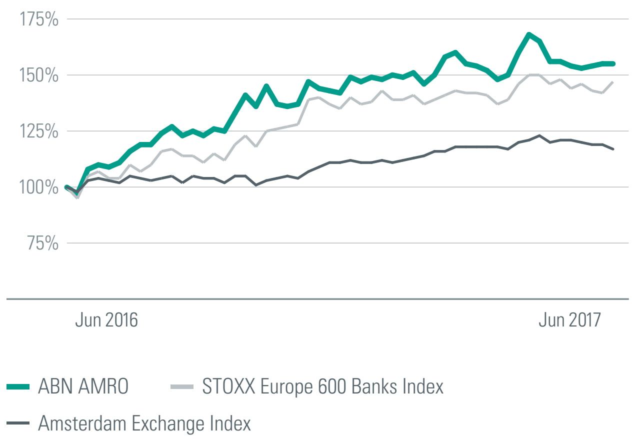
Introduction
Business
Risk, funding & capital information
Interim Financial Statements 2017
Other

ABN AMRO shares

Key developments

Between 31 March 2017 and 30 June 2017, ABN AMRO's share price (depositary receipts) rose 2% while the STOXX Europe 600 Bank index rose 3%. On 28 June 2017 NLFI, on behalf of the Dutch state, sold 65 million depositary receipts at a price of EUR 22.75 per depositary receipt to qualified investors. This was the second sell-down transaction since the IPO.

Share price development
(in %)



Source: S&P Global Market Intelligence.

Listing information

A total of 346.2 million shares are currently held by STAK AAG ('*Stichting Administratiekantoor Continuïteit ABN AMRO Group*'), which subsequently issued depositary receipts representing such shares, which are listed on the Euronext Amsterdam Exchange. For more information about STAK AAG, refer to the 'About ABN AMRO' section of abnamro.com. The depositary receipts trade under ISIN code 'NL0011540547', Reuters ticker 'ABN.AS' and Bloomberg ticker 'ABN:NA'.

DRIP

ABN AMRO Corporate Broking offers holders of depositary receipts in ABN AMRO Group access to a dividend reinvestment plan ('DRIP'), whereby net cash dividends are reinvested in additional depositary receipts of ABN AMRO. For more information, refer to the 'Investor Relations' section of abnamro.com.

Financial calendar[1]

- Ex-dividend date interim dividend 2017 – 16 August 2017
- Record date interim dividend 2017 – 17 August 2017
- Payment date interim dividend 2017 – 8 September 2017
- Publication third-quarter 2017 results – 8 November 2017
- Publication fourth-quarter 2017 results – 7 February 2018
- Publication Annual Report 2017 – 14 March 2018

[1] All dates provisional. Refer to abnamro.com/ir for latest information

(in millions)	Q2 2017	Q1 2017	Q2 2016
Share count			
Total shares outstanding/issued and paid-up shares	940	940	940
- of which held by NLFI	594	659	724
- of which listed (in the form of depositary receipts)	346	281	216
- as a percentage of total outstanding shares	37%	30%	23%
Average number of shares	940	940	940
Average diluted number of shares	940	940	940
Key indicators per share (EUR)			
Reported earnings per share[1]	1.00	0.64	0.40
Shareholder's equity per share	20.04	19.58	18.03
Tangible shareholder's equity per share	19.79	19.32	17.77
Share price development (EUR)			
Closing price (end of period)	23.21	22.75	14.90
High (during the period)	25.84	24.10	19.25
Low (during the period)	21.80	20.95	14.50
Market capitalisation (end of period, in billions)	21.82	21.39	14.01
Valuation indicators (end of period)			
Price/Earnings	8.67x	9.65x	7.30x
Price/Tangible book value	1.17x	1.18x	0.84x

[1] Reported profit for the period excluding coupons attributable to AT1 capital securities and results attributable to other non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Business

Economic environment

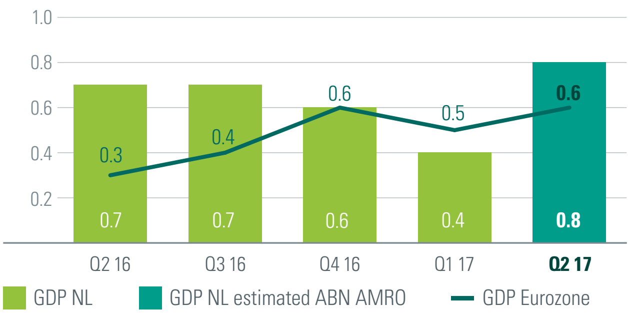
The global economy has continued to expand at a healthy pace following the increased momentum seen at the beginning of the year. This picture is being confirmed by a range of economic indicators and in a large number of countries. Important factors are the Chinese policy stimulus, strengthening investment spending, the turn in the inventory cycle, the moderation of or end to austerity, low borrowing costs and improved availability of credit.

In Q2, economic growth in the US accelerated to 0.6% quarter-on-quarter (q-o-q), according to the official first estimate. This followed a temporary slowdown in Q1 (+0.3% q-o-q). Growth in the eurozone remained strong. GDP rose by 0.6% q-o-q, according to Eurostat's 'preliminary flash estimate', slightly more than in Q1.

Q2 GDP figures for the Netherlands are not yet final. Strong sentiment indicators, however, suggest that growth was more robust than in Q1. In addition, the labour and housing markets have continued to improve. The economy is still showing above-trend growth.

The economic environment has thus remained favourable. Risks to the outlook are factors such as the Brexit process, disappointment over Trump's policy initiatives, a less accomodative monetary policy that could hurt economies with weak fundamentals (e.g. Italy) and geopolitical developments (e.g. North Korea).

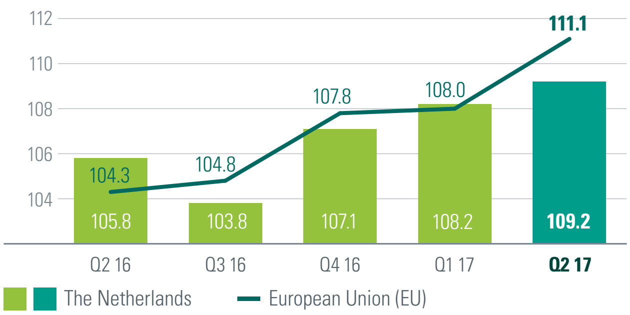
Quarterly development of Gross Domestic Product
(in % q-o-q growth)



Source: Eurostat and CBS.

- We expect Dutch GDP to have risen more in Q2 (q-o-q) than in Q1 (GDP Q1: +0.4% q-o-q).
- Exports, private consumption and private investment are expected to be the main contributors to growth.
- Average GDP growth in H1 2017 is expected to have remained stable compared with growth in H2 2016.

Economic Sentiment Indicator
(in % balances)



Source: database European Commission.

- This broad indicator, which covers sentiment in the manufacturing, services, retail and construction sectors as well as consumer sentiment, further improved in the Netherlands in Q2: from 108.2 (March) to 109.2 (June).
- This is well above the long-term average of 100.
- Other sentiment indicators showed a similar picture.

Business update

The core of our strategy is to be a relationship-driven bank while ranking among the best on the digital front; a bank with a strong position in Northwest Europe and serving selected clients in sectors globally. In line with our long-term strategic foundation, we are client-driven, we invest in the future, we have a moderate risk profile and we are committed to sustainable growth.

ABN AMRO seeks to empower clients to take charge of their financial lives and to make the best financial decisions. In order to do so, we pursue a digital strategy under which we offer products and services that are convenient, fast and personal. We want to deliver products and services to clients where they are most active: mobile and online. At present, almost half of our retail products and services are distributed through these channels. In addition to bringing us closer to our clients, the growth of digital channels is also having a positive effect on our NPS.

We continue to integrate online and offline channels, designing online tools that revolve around our clients' needs and convenience, while facilitating offline meetings to focus better on bringing them expertise. The My Mortgage platform, which we introduced in the second quarter, allows clients to carry out their mortgage application activities digitally and when it suits them, including uploading documents and viewing their mortgage offer. Another example is the Florius Advisor app, which gives mortgage advisors real-time insight into the status of client files. The app seamlessly interacts with My Mortgage, ensuring that clients and advisors can stay on top of the process at all times. These changes link up seamlessly with our successful mortgage advice by webcam service. At present, more than half of our mortgage consultations are carried out by webcam.

One of our digital priorities at this time is to improve convenience for our clients by moving various services from branches and call centres to mobile and online. As part of our mobile card management services, clients can now carry out practically any change they want to make to their bank card via the ABN AMRO mobile banking app. For example, they can change their daily limit for transfers and withdrawals and adjust their security settings if they wish to use their bank card outside Europe. As more of these kinds of services are introduced, we expect that over time direct contact with the majority of clients will be limited to high-value 'moments', such as mortgage meetings.

The revised Payment Services Directive (PSD II), to be introduced in January 2018, will present the bank with promising opportunities in terms of customer experience, innovation and earning models. PSD II requires banks to allow third parties to access account information and initiate payments, in case the customer wants to use the third parties' services. This is done by means of application programming interfaces (APIs), and the change is often referred to as 'open banking' as these APIs enable applications to communicate with each other across organisations. Ahead of PSD II we are forging partnerships to ensure that our digital offering is relevant for current and future clients.

At the ABN AMRO Beyond Banking Days in June we opened up our API platform and APIs for the first time to developers, testing our open banking platform in preparation of PSD II. Developers from the bank, partners and fintechs / start-ups spent 48 hours non-stop creating new banking solutions, experimenting and exploring future scenarios. Providing our own APIs, while combining these with and using third parties' APIs, will help us deliver speed and innovations to clients while enabling us to create new business models and increase client touch points.

We are already preparing to offer our clients multi-banking, which will allow them to add accounts from other financial services providers to ABN AMRO Internet Banking and our mobile banking app. Tikkie, Gradefix and Grip are digital services we currently offer that will enable us to secure a footprint in the world of open banking.

We are rolling out the highly popular Tikkie app to the business market as part of our earnings model. The user-friendliness of this free payment app allows organisations to contact customers who would otherwise be difficult to reach. For example, the University of Groningen is using Tikkie to enable students to pay their tuition fees, replacing the debt collection process. The number of individual users of this app – which is open to all Dutch bank accounts – has grown from 500,000 in Q1 to almost 1 million today.

Grip, our unique personal financial management tool ('PFM'), is the most widely used mobile PFM app in the Netherlands. There are currently 250,000 users of this app, and this number is growing rapidly.

In addition to our consistently highly-rated mobile banking app, which is actively used by 2 million clients, Tikkie and Grip give ABN AMRO two new, rapidly growing consumer platforms through which we can interact with our clients and prospects. With these innovative platforms in place, we expect to be in a good position to benefit from open banking when the market opens up next year.

As announced in the CEO Message, ABN AMRO is committed to making residential and commercial real estate in the Netherlands more sustainable. Almost two-thirds of our client loans relate to Dutch real estate and most of our business lines engage in real estate financing. We aim to improve the average energy efficiency of the properties we use and our clients' properties (currently label 'D') to label 'A' by 2030. This represents a reduction of 2 megatonnes of carbon emissions in the Netherlands, which is equivalent to the annual emissions produced by 800,000 cars.

We are already implementing measures at our own branches and headquarters and will also motivate our clients to start taking action. In line with previously launched initiatives for commercial real estate clients, our efforts will focus on making clients aware of opportunities for improving the sustainability of their properties. We will facilitate this by offering online tools, advice and convenient financing products. And we will share our expertise and knowledge within and outside the bank. For instance, our retail and private banking clients can use the recently introduced Energy Saving Check to determine what measures they can take to improve the energy efficiency of their homes, the costs involved and the potential savings yielded. Under our pricing model, clients can be rewarded for making their properties more sustainable.

As a secondary result, we expect this transformation to improve our NPS, reduce the risk profile of our portfolio, open up business opportunities and keep our real estate portfolio future-proof – all of which support our ambition to achieve sustainable growth. The move to sustainable real estate is a long-term commitment. Further products, initiatives and tools that support this effort will be announced over time.

We are intensifying our commitment to sustainability in other ways as well. We recently published a report on circular business models and applications across various sectors, sharing our expertise with the business world. In the circular economy, resources are kept in use for as long as possible, and products and materials are recovered and regenerated at the end of their useful life. The circular economy is driven by start-ups and innovators, using new technologies and business models.

The circular economy is a key focus area in our commitment to sustainability and innovation. We aim to be a partner of choice for parties that want to move to the circular economy. The circular economy not only fits in with our sustainability ambitions, but it also presents good business opportunities. We support our clients to actively take part in the circular economy by connecting entrepreneurs in the product chain and combining insights into circular business models with our knowledge of financial products and risk management.

The circular pavilion we have been building for the past two years, Circl, is set to open its doors in September. Circl will be an open platform where lectures, workshops and meetings are held and where various parties can exchange knowledge on the circular economy. The opening of Circl will offer us the opportunity to build a leading position in this rapidly developing area.

Going forward, we will continue to focus on pursuing innovation and incorporating sustainability into our business model. We believe these initiatives are essential to achieving sustainable growth and to making our service even more client-driven.

Financial review

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

Results

Highlights

- Underlying net profit was EUR 960 million and includes a gain on the Private Banking Asia divestment.
- Net interest income up by 1% on the back of continued loan growth in corporate loans and mortgages.
- Costs include a provision for SME derivatives-related issues, a restructuring provision, and costs for the Private Banking Asia divestment. The underlying trend is a decline in costs, also reflected in a decline in the number of FTEs.
- Cost/income was 54.9% and benefited to a limited extent from incidental items.
- Impairment releases were the result of broad improvements in the Dutch economy, model refinements (mortgages and corporate loans) and rising housing prices.

Major items of note

Sale of Private Banking Asia

On 30 April 2016 ABN AMRO concluded the sale of the Private Banking (PB) business in Singapore, Hong Kong and Dubai (the PB Asia divestment). The total gross sale proceeds amount to EUR 255 million (tax exempt) recorded as other operating income. Costs related to the sale were EUR 21 million in personnel expenses and EUR 35 million in other expenses (both tax-exempt). The book gain is therefore EUR 200 million (net of tax). As a result of the sale, the Q2 2017 figures include only one month of contribution.

SME derivatives-related issues

The scope of the procedures was extended after continuing discussions with AFM and the independent reviewer on the application of the Uniform Recovery Framework. As a result, the settlement will take longer than expected. The existing provision for project costs (EUR 55 million recorded in Q4 2016) was therefore increased by EUR 54 million. In addition, the provision for client compensation is reviewed every quarter. In Q2 2017 this resulted in a EUR 15 million addition. The total provision for client compensation amounted to EUR 534 million (excluding payouts) at 30 June 2017. This was recorded primarily in other operating income and, to a lesser extent, net interest income. The large addition of EUR 361 million (net of tax EUR 271 million) recorded in Q2 2016 was classified as a special item, and was only included in the reported net profit. The total provision for project costs amounts to EUR 109 million. For further details, see note 18 of the Interim Financial Statements.

Restructuring provision

The restructuring provision concerning further digitalisation and process optimisation was increased by EUR 25 million (originally recorded in Q4 2016).

Sale of Visa Europe

The Q2 2016 results included a gain of EUR 116 million (EUR 101 million at Retail Banking, EUR 14 million at Group Functions) related to the sale of Visa Europe.

Introduction | Business | Risk, funding & capital information | Interim Financial Statements 2017 | Other

Income statement

(in millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	First half 2017	First half 2016	Change
Net interest income	1,599	1,582	1%	1,596	0%	3,195	3,128	2%
Net fee and commission income	418	431	-3%	435	-4%	852	866	-2%
Other operating income	475	188		215	121%	691	178	
Operating income	**2,492**	**2,201**	**13%**	**2,246**	**11%**	**4,738**	**4,172**	**14%**
Personnel expenses	657	617	6%	632	4%	1,288	1,234	4%
Other expenses	711	643	11%	721	-1%	1,432	1,344	6%
Operating expenses	**1,367**	**1,260**	**9%**	**1,353**	**1%**	**2,720**	**2,579**	**5%**
Operating result	**1,124**	**941**	**19%**	**893**	**26%**	**2,018**	**1,593**	**27%**
Impairment charges on loans and other receivables	-96	54		63		-33	56	
Operating profit/(loss) before taxation	**1,220**	**887**	**38%**	**831**	**47%**	**2,051**	**1,537**	**33%**
Income tax expense	260	225	15%	215	21%	475	400	19%
Underlying profit/(loss) for the period	**960**	**662**	**45%**	**615**	**56%**	**1,576**	**1,136**	**39%**
Special items		-271					-271	
Reported profit/(loss) for the period	**960**	**391**	**146%**	**615**	**56%**	**1,576**	**866**	**82%**
Attributable to:								
Owners of the company	938	380		601		1,539	843	
Holders of AT1 capital securities	11	11		11		22	22	
Other non-controlling interests	11			4		15	1	

Other indicators

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Net interest margin (NIM) (in bps)[1]	153	152	156	155	152
Underlying cost/income ratio	54.9%	57.2%	60.2%	57.4%	61.8%
Underlying cost of risk (in bps)[1,2]	-14	9	9	-3	4
Underlying return on average Equity[3]	20.0%	15.1%	13.2%	16.7%	13.1%
Underlying earnings per share (in EUR)[4]	1.00	0.69	0.64	1.64	1.19

1 For management view purposes the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in the Notes to the reader section of this report.
2 Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Underlying profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.
4 Underlying profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

	30 June 2017	31 March 2017	31 December 2016
Client Assets (in billions)	311	325	323
FTEs	20,756	21,381	21,664

Second-quarter 2017 results

Net interest income increased by EUR 17 million despite the two-month absence of interest income from Private Banking Asia. The increase in interest income was predominantly driven by volume growth in corporate loans and mortgages. Increasing corporate loan volumes were slightly offset by lower margins. Margins on mortgages remained flat in a competitive environment. Moreover, thanks to the ongoing broad improvement of the Dutch economy a higher number of non-performing loans are performing again, resulting in releases of reserved net interest income. Consumer loans yielded somewhat lower volumes and margins. On the liability side, the rate paid on retail savings products was 15bps in Q2 2017 (Q2 2016: 40bps). The rate paid on commercial deposits was nil in both quarters; a larger number of professional clients are being charged negative interest rates on deposits.

Net fee and commission income amounted to EUR 418 million in Q2 2017 (EUR 431 million in Q2 2016). The decline in net fee and commission income was caused by the fact that Private Banking Asia contributed for only one month. Underlying fee income within Private Banking increased. Q2 2017 was characterised by improved stock market sentiment as opposed to uncertainty and volatility in financial markets in Q2 2016. This resulted in higher levels of transaction volumes and an increase in average client assets. Retail Banking has charged lower fees to small businesses for payment packages since January 2017.

Other operating income was up by EUR 287 million versus Q2 2016. The increase was driven by the PB Asia divestment (EUR 255 million). In addition, we had more favourable Equity Participations results (EUR 52 million versus EUR 2 million in Q2 2016), hedge accounting-related income (EUR 68 million versus EUR 44 million negative in Q2 2016) and CVA/DVA/FVA results (EUR 19 million versus 1 million in Q2 2016). The existing provision for SME derivatives-related issues was increased by EUR 15 million in Q2 2017.

Q2 2016 included a profit of EUR 116 million related to the sale of Visa Europe, a release of the provision related to the sale of the Swiss private banking activities in 2011 (EUR 21 million) and a provision in Group Functions related to the securities financing activities discontinued in 2009.

Personnel expenses increased by EUR 40 million, mainly driven by a EUR 25 million additional restructuring provision concerning further digitalisation and process optimisation (initial provision was recorded in Q4 2016) and EUR 21 million in expenses related to the Private Banking Asia divestment. The underlying trend was that wage inflation and higher pension costs were offset by declining FTE levels (see below).

FTE levels declined by 1,183 compared with 30 June 2016 (21,939 FTEs). The decrease was seen primarily at Retail Banking and Group Functions as a result of progress made in existing restructuring programmes. In Q2 2017 approximately 300 FTEs were transferred from Private Banking to the buyer following the PB Asia divestment. Furthermore, there were several internal movements that did not impact the Group total. In September 2016 150 FTEs were transferred from Retail Banking to Private Banking (client threshold was lowered to EUR 500,000 in investable assets). In April 2017 approximately 280 FTEs were transferred from Group Functions to the commercial business segments to help further embed the agile way of working.

Other expenses increased by EUR 68 million, totalling EUR 711 million in Q2 2017, due to a EUR 54 million provision for project costs for SME derivatives-related issues (initial provision of EUR 55 million was recorded in Q4 2016). An amount of EUR 35 million in expenses was recorded in Q2 2017 related to the Private Banking Asia divestment for wind-down costs.

Regulatory levies increased by EUR 15 million (EUR 27 million versus EUR 12 million in Q2 2016). This was due to the use of irrevocable payment commitments for the 2016 Single Resolution Fund (SRF) in Q2 2016. Both quarters included an amount of EUR 22 million related to the Deposit Guarantee Scheme. Full-year 2017 regulatory levies are expected to be approximately EUR 295 million.

The underlying trend is a decrease in other expenses as progress was made in cost-saving programmes. Other expenses decreased slightly compared with Q1 2017 because the abovementioned items were offset by EUR 100 million lower regulatory levies, as Q1 2017 included the annual SRF charge.

Impairment charges amounted to a EUR 96 million release (Q2 2016: EUR 54 million charge). Releases were primarily recorded on corporate loans and residential mortgages and, to a lesser extent, consumer loans. All were largely a reflection of the continued improvement of the Dutch economy. Model refinements on SME lending and mortgages also resulted in lower impairment charges. In addition, residential mortgages benefited from rising housing prices. Both quarters included similar IBNI releases (EUR 47 million versus EUR 49 million in Q2 2016). Impairment charges on ECT Clients were EUR 82 million versus EUR 93 million in Q2 2016. The overall cost of risk was -14bps in Q2 2017.

Developments in the first six months of 2017

ABN AMRO's **underlying profit** for H1 2017 was EUR 1,576 million, up by EUR 440 million compared with H1 2016. Higher operating income (partly due to the PB Asia divestment) and lower loan impairments (broad recovery of the Dutch economy and model refinements) were partly offset by higher operating expenses (costs related to SME derivatives-related issues, the PB Asia divestment and restructuring).

Reported profit for H1 2017 almost doubled compared with H1 2016, largely due to the PB Asia divestment gain in H1 2017 and the provision for SMEs with derivatives-related issues of EUR 271 million in H1 2016 (special item).

The **underlying return on equity (ROE)** increased to 16.7% in H1 2017 compared with 13.1% in H1 2016.

Operating income was EUR 4,738 million, an increase of EUR 566 million. In addition to the proceeds from the PB Asia divestment, the increase in operating income was supported by higher net interest income and other operating income.

Net interest income increased by EUR 67 million to EUR 3,195 million in H1 2017. The increase was predominantly driven by volume growth in corporate loans and residential mortgages. Consumer loans saw somewhat lower volumes and margins.

Net fee and commission income was down EUR 14 million compared with H1 2016. The decline was largely due to the PB Asia divestment. H1 2017 was characterised by improved stock market sentiment as opposed to uncertainty and volatility in the financial markets in H1 2016. This resulted in higher levels of transaction volumes and an increase in average client assets in our European private bank, resulting in higher net fee and commission income. Fee income was lower at Retail Banking as rates for payment packages were cut for individual clients (since April 2016) and small businesses (since January 2017). Lower fees were recorded at Commercial Banking due to an incidental fee expense and increased competition.

Other operating income increased by EUR 513 million to EUR 691 million. The increase was mainly driven by the proceeds from the PB Asia divestment (EUR 255 million). The remainder was due to favourable hedge accounting-related income (EUR 118 million versus EUR 68 million negative in Q2 2016), CVA/DVA/FVA results (EUR 43 million versus 47 million negative in Q2 2016) and Equity Participations results (EUR 77 million versus EUR 2 million in H1 2016). The existing (compensation) provision for SME derivatives-related issues was increased by EUR 15 million in both H1 2016 and H1 2017. The large provision in H1 2016 was recorded as a special item.

H1 2016 included a profit of EUR 116 million related to the sale of Visa Europe, a release of a provision related to the sale of the Swiss private banking activities in 2011 (EUR 21 million) and a provision in Group Functions related to the part of the securities financing activities discontinued in 2009.

Personnel expenses increased by EUR 54 million to EUR 1,288 million in H1 2017. H1 2017 included a EUR 25 million restructuring provision, EUR 21 million related to the PB Asia divestment and EUR 12 million severance payments. Lower FTE levels were partly offset by wage inflation and higher pension costs.

Other expenses increased by EUR 88 million, totalling EUR 1,432 million in H1 2017, due to an increase in the provision for project costs for SME derivatives-related issues (EUR 54 million), the PB Asia divestment (EUR 35 million) and higher regulatory levies (EUR 155 million versus EUR 110 million in H1 2016). The underlying trend shows the benefits from the cost-saving plans.

Impairment charges amounted to a EUR 33 million release in H1 2017 (H1 2016: EUR 56 million charge). Releases were recorded on residential mortgages and consumer loans and limited charges were recorded on corporate loans. All were primarily a reflection of the broad improvements in the Dutch economy and, to a lesser extent, model refinements as H1 2016 included more favourable IBNI releases (EUR 41 million versus EUR 130 million in H1 2016). The overall cost of risk was -3bps in H1 2017.

Balance sheet

Condensed consolidated statement of financial position

Starting in 2017, individual balance sheet figures are presented including the impact of netting adjustments.

Private banking activities in Asia and the Middle East were recorded as held for sale (and recorded under other assets and other liabilities). The sale was completed on 30 April 2017.

(in millions)	30 June 2017	31 March 2017	31 December 2016
Cash and balances at central banks	26,648	29,727	21,861
Financial assets held for trading	4,658	3,667	1,607
Derivatives	11,803	11,888	14,384
Financial investments	42,292	43,630	45,497
Securities financing	28,958	31,202	17,589
Loans and receivables - banks	8,868	11,034	13,485
Loans and receivables - customers	272,059	274,366	267,679
Other	8,533	12,284	12,380
Total assets	**403,819**	**417,798**	**394,482**
Financial liabilities held for trading	2,315	1,871	791
Derivatives	10,808	11,116	14,526
Securities financing	21,786	24,216	11,625
Due to banks	18,056	18,830	13,419
Due to customers	235,584	236,768	228,758
Issued debt	75,461	80,055	81,278
Subordinated liabilities	11,975	12,516	11,171
Other	7,973	13,022	13,976
Total liabilities	**383,958**	**398,394**	**375,544**
Equity attributable to the owners of the parent company	18,839	18,404	17,928
AT 1 capital securities	1,004	993	1,004
Equity attributable to other non-controlling interests	17	6	5
Total equity	**19,861**	**19,404**	**18,937**
Total liabilities and equity	**403,819**	**417,798**	**394,482**
Committed credit facilities	28,954	27,811	27,299
Guarantees and other commitments	14,573	15,754	15,873

Main developments in total assets compared with 31 March 2017

Total assets decreased by EUR 14.0 billion, totalling EUR 404 billion at 30 June 2017, spread over multiple line items.

Cash and balances at central banks went down by EUR 3.1 billion, mainly due to lower short-term issued debt following, among other things, a decrease in client loans (currency effects) and professional loans as well as a decline in professional deposits (money markets positions related to currency management and clearing activities).

Securities financing assets declined by EUR 2.2 billion, related to the cyclical nature of this business.

Loans and receivables - customers went down by EUR 2.3 billion. See client and professional loans (in the following table) for a further breakdown.

Client loans went down by EUR 1.0 billion, mainly due to lower corporate loans at Corporate & Institutional Banking, on the back of USD depreciation (around EUR 1.9 billion impact) and lower commodity prices (around EUR 0.8 billion impact). In constant exchange rates, corporate loans increased both at Commercial Banking and Corporate & Institutional Banking by EUR 0.6 billion (in total EUR 1.2 billion). Mortgage volumes continued to grow (by EUR 0.3 billion) on the back of low interest rates, clients' expectation of rising rates and favourable economic conditions. Consumer loans remained flat.

Professional loans (loans to professional counterparties plus other loans) went down by EUR 1.2 billion. This decrease was related to the Clearing business, partly offset at Global Markets.

Other assets went down by EUR 3.8 billion, largely driven by the Private Banking Asia divestment.

Loans and receivables - customers

(in millions)	30 June 2017	31 March 2017	31 December 2016
Residential mortgages	151,047	150,705	149,255
Consumer loans	12,312	12,337	12,539
Corporate loans to clients[1]	85,203	86,498	84,362
Total client loans[2]	**248,562**	**249,540**	**246,155**
Loans to professional counterparties	15,052	15,864	12,948
Other loans[3]	7,694	8,109	7,448
Total Loans and receivables - customers[2]	**271,309**	**273,513**	**266,551**
Fair value adjustments from hedge accounting	3,875	4,333	4,794
Less: loan impairment allowance	3,124	3,481	3,666
Total Loans and receivables - customers	**272,059**	**274,366**	**267,679**

1 Corporate loans excluding loans to professional counterparties.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.
3 Other loans consist of loans and receivables to government, official institutions and financial markets parties.

Main developments in total liabilities compared with 31 March 2017

Total liabilities declined by EUR 14.4 billion, totalling EUR 384 billion at 30 June 2017. The decrease was mainly related to lower other liabilities, issued debt securities and securities financing volumes.

Securities financing volumes decreased by EUR 2.4 billion, related to the cyclical nature of the business.

Issued debt securities went down by EUR 4.6 billion, primarily due to lower short-term funding need following the decrease in client and professional loans.

Due to customers (demand, savings and time deposits) decreased by EUR 1.2 billion, mainly due to a decline in professional deposits (money markets positions related to currency management and clearing activities). Client deposits increased as a result of deposited holiday allowances.

Other liabilities went down by EUR 5.0 billion, largely driven by the Private Banking Asia divestment.

Shareholders' equity increased by EUR 0.4 billion, largely due to the inclusion of the reported profit for Q2 2017, partly offset by the final 2016 dividend payment of EUR 414 million in Q2 2017.

Results by segment

This section includes a discussion and analysis of the results of the financial condition of ABN AMRO Group at segment level for Q2 2017 compared with Q2 2016. Most of the interest expenses and operating expenses incurred by Group Functions are allocated to the business lines through net interest income and other expenses, respectively.

Retail Banking

Highlights

- Net profit remained flat, a strong result as Q2 2016 included a EUR 101 million gain related to the sale of shares in Visa Europe.
- Net interest income benefited from continued growth of the residential mortgage portfolio and repricing of deposits.
- Operating expenses decreased as a result of cost-saving programmes.
- Excluding the gain on Visa Europe in Q2 2016, the operating result improved by 7%. Cost/income ratio was 51.6% in Q2 2017.
- Loan impairment releases due to the continued improvement of the Dutch economy, a model refinement for mortgages and rising housing prices.

Operating results

(in millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	First half 2017	First half 2016	Change
Net interest income	872	855	2%	866	1%	1,739	1,685	3%
Net fee and commission income	102	112	-9%	105	-3%	207	225	-8%
Other operating income	7	117	-94%	4	68%	12	120	-90%
Operating income	**982**	**1,084**	**-9%**	**976**	**1%**	**1,957**	**2,029**	**-4%**
Personnel expenses	119	123	-4%	111	7%	230	242	-5%
Other expenses	388	413	-6%	432	-10%	820	846	-3%
Operating expenses	**506**	**536**	**-6%**	**543**	**-7%**	**1,050**	**1,088**	**-3%**
Operating result	**475**	**547**	**-13%**	**432**	**10%**	**908**	**942**	**-4%**
Impairment charges on loans and other receivables	-55	22		-4		-59	48	
Operating profit/(loss) before taxation	**531**	**525**	**1%**	**436**	**22%**	**967**	**894**	**8%**
Income tax expense	132	127	4%	110	20%	242	220	10%
Underlying profit/(loss) for the period	**399**	**399**	**0%**	**326**	**22%**	**725**	**674**	**7%**
Special items								
Reported profit/(loss) for the period	**399**	**399**	**0%**	**326**	**22%**	**725**	**674**	**7%**

Other indicators

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Underlying cost/income ratio	51.6%	49.5%	55.7%	53.6%	53.6%
Underlying cost of risk (in bps)[1,2]	-14	6	-1	-7	6

[1] For management view purposes the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in the Notes to the reader section of this report.
[2] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 June 2017	31 March 2017	31 December 2016
Loan-to-Deposit ratio	153%	155%	152%
Loans and receivables - customers (in billions)	157.8	157.6	156.3
Of which Client loans (in billions)[1]	158.3	158.2	156.9
Due to customers (in billions)	103.4	101.9	102.7
Risk-weighted assets (risk exposure amount; in billions)	30.2	31.1	31.8
FTEs	5,309	5,240	5,266
Total Client Assets	116.8	116.3	117.9
Of which Cash	103.4	101.9	102.8
Of which Securities	13.4	14.3	15.1

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Net interest income increased by 2%, totalling EUR 872 million in Q2 2017. Higher interest income on mortgages and deposits was partly offset by lower interest income on consumer loans. Interest income on residential mortgages improved year-on-year, driven by higher volumes and the repricing of (pre-crisis) low-margin mortgages throughout 2016. The increase in the residential mortgage portfolio was mainly due to elevated production levels. Mortgage production grew on the back of low interest rates, clients' expectations of rising rates and favourable economic conditions. Our market share in new production was 20.8%[1] in Q2 2017 (Q2 2016: 19.6% and Q1 2017: 25.8%). Most of the new mortgage production has a maturity of 10 years or longer. Contractual redemptions showed a gradual rise.

Interest income on deposits increased, mainly driven by higher margins compared with Q2 2016. In Q2 2017 due to customers increased by EUR 1.5 billion (totalling EUR 103.4 billion), mainly due to deposited holiday allowances. The migration of clients with investable assets above EUR 500,000 to Private Banking had the opposite effect.

Interest income from consumer loans was under pressure compared with Q2 2016 due to a gradual decline in volumes, in line with the overall market. Clients are advised to choose products with redeeming characteristics, and clients' early redemptions on loans are rising given the low interest rate environment. Compared with Q1 2017 consumer loans stabilised.

Net fee and commission income declined by EUR 10 million compared with Q2 2016, due to lower fees being charged for payment packages to small businesses (as from January 2017). In addition, fee income declined due to the transfer of client assets to Private Banking.

Other operating income was EUR 7 million in Q2 2017 (Q2 2016: EUR 117 million). Q2 2016 included a EUR 101 million gain on the sale of Visa Europe.

[1] Source: Dutch Land Registry (Kadaster).

Personnel expenses decreased by EUR 4 million to EUR 119 million. Both quarters included an addition to the Retail Digitalisation restructuring provision, although the addition was slightly lower in Q2 2017. Moreover, the number of FTEs declined to 5,309 (30 June 2016: 5,601) following a further reduction in the number of branches and a transfer of employees and clients to Private Banking (September 2016). This was offset to a limited extent by a transfer of FTEs from Group Functions to help further embed the agile way of working.

Other expenses included regulatory levies of EUR 22 million in Q2 2017 (Q2 2016: EUR 17 million). The decrease in other expenses was primarily attributable to lower allocated costs, mainly resulting from cost-saving programmes at Group Functions.

Impairment charges showed a EUR 55 million release in Q2 2017. The release in Q2 2017 was driven by the continued and broad improvement of the Dutch economy, a model refinement on mortgages and rising housing prices. As a result, the IBNI release was EUR 34 million in Q2 2017 (Q2 2016: EUR 4 million release). The cost of risk of residential mortgages improved from 2bps to -11bps, well below the through-the-cycle levels.

Private Banking

The sale of Private Banking Asia and the Middle East (the PB Asia divestment) was completed on 30 April 2017. The net book gain was EUR 200 million. The total gross sale proceeds amounted to EUR 255 million (tax exempt) and are recorded as other operating income, EUR 21 million in personnel expenses and EUR 35 million in other expenses (both tax-exempt). As a result of the sale, the Q2 2017 figures include only one month's contribution from this business.

Highlights

- Net profit increased by EUR 181 million on the back of the EUR 200 million divestment gain and a EUR 21 million provision release in Q2 2016.
- Excluding the PB Asia divestment for both Q2 2017 and Q2 2016, both net interest income and net fee and commission income went up 8% (on the improved stock market sentiment).
- Increase in operating expenses was primarily related to the PB Asia divestment, partly offset by only one month's contribution from this business.
- Low cost/income ratio of 54.8%.

Operating Results

(in millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	First half 2017	First half 2016	Change
Net interest income	162	160	1%	164	-1%	326	318	3%
Net fee and commission income	140	143	-2%	152	-8%	292	287	2%
Other operating income	256	39		18		274	55	
Operating income	**558**	**341**	**64%**	**334**	**67%**	**892**	**660**	**35%**
Personnel expenses	141	123	14%	125	13%	266	249	7%
Other expenses	165	144	15%	144	15%	309	278	11%
Operating expenses	**306**	**267**	**14%**	**269**	**14%**	**575**	**527**	**9%**
Operating result	**252**	**74**		**65**		**318**	**132**	**140%**
Impairment charges on loans and other receivables		7		-4		-4	12	
Operating profit/(loss) before taxation	**252**	**66**		**69**		**321**	**120**	
Income tax expense	18	14	29%	16	13%	34	24	40%
Underlying profit/(loss) for the period	**234**	**53**		**53**		**288**	**96**	
Special items								
Reported profit/(loss) for the period	**234**	**53**		**53**		**288**	**96**	

Other indicators

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Underlying cost/income ratio	54.8%	78.3%	80.4%	64.4%	79.9%
Underlying cost of risk (in bps)[1]	0	19	-12	-6	15

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 June 2017	31 March 2017	31 December 2016
Loan-to-Deposit ratio	19%	19%	20%
Loans and receivables - customers (in billions)	12.2	12.0	12.1
Of which Client loans (in billions)[1]	12.4	12.2	12.3
Due to customers (in billions)	65.5	64.7	61.8
Risk-weighted assets (risk exposure amount; in billions)	9.3	9.5	7.7
FTEs	3,491	3,812	3,844

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Client assets

(in billions)	Q2 2017	Q1 2017	Q4 2016
Opening balance Client Assets	**208.9**	**204.9**	**198.9**
Net new assets	3.2	-0.6	0.2
Market performance	-0.8	4.6	5.7
Other	-16.7		
Closing Balance Client Assets	**194.5**	**208.9**	**204.9**
	30 June 2017	31 March 2017	31 December 2016
Breakdown by type			
Cash	65.7	70.1	67.6
Securities	128.9	138.8	137.2
-of which Custody	33.7	36.5	35.4
Total	**194.5**	**208.9**	**204.9**
Breakdown by geography			
The Netherlands	54%	48%	48%
Rest of Europe	46%	43%	44%
Rest of the world		9%	9%

Net interest income rose by EUR 2 million, arriving at EUR 162 million in Q2 2017. Excluding the PB Asia divestment in both quarters, net interest income increased by EUR 11 million. The increase was mainly attributable to higher margins on savings accounts and higher average deposit volumes. Compared with Q1 2017, deposit volumes increased by EUR 0.8 billion, totalling EUR 65.5 billion in Q2 2017. This was mainly the result of a conversion of securities into cash and clients migrating from Retail Banking as the client threshold for Private Banking in the Netherlands was lowered to EUR 500,000 in investable assets.

Net fee and commission income decreased by EUR 3 million, totalling EUR 140 million in Q2 2017. Excluding the PB Asia divestment in both quarters, net fee and commission income increased by EUR 11 million. The increase was attributable to improved stock market sentiment as opposed to uncertainty and volatility in the financial markets in Q2 2016. This resulted in higher levels of transaction volumes and an increase in average client assets. Moreover, client assets benefited from the migration of Retail Banking clients.

Other operating income grew by EUR 217 million to EUR 256 million in Q2 2017. This increase was due to the EUR 255 million PB Asia divestment proceeds, several unfavourable incidentals and the inclusion of only one month's contribution by activities in Asia and the Middle East. Q2 2016 included a EUR 21 million provision release related to the sale of the Swiss private banking activities in 2011.

Client assets decreased by EUR 14.4 billion compared with Q1 2017, of which EUR 16.7 billion was due to the PB Asia divestment. **Net new assets** amounted to EUR 3.2 billion, consisting of EUR 2.0 billion in internal client transfers from Retail Banking largely resulting from the lowering of the client threshold.

Personnel expenses rose by EUR 18 million, of which EUR 21 million was related to the PB Asia divestment (costs related to restructuring provisions and retention payments). Personnel expenses in our domestic activities increased following the transfer of employees from Retail Banking (as of September 2016). This was offset by lower personnel expenses following the divestment of PB Asia, as approximately 300 FTEs were transferred to the buyer.

Other expenses increased by EUR 21 million, arriving at EUR 165 million in Q2 2017. The increase was attributable to EUR 35 million in expenses related to the PB Asia divestment (wind-down costs). This was partly offset by a lower cost base following the sale and lower allocated costs, mainly resulting from cost-saving programmes.

Commercial Banking

Highlights

- Underlying net profit increased by EUR 26 million, due to higher loan impairment releases following the ongoing recovery of the Dutch economy and an SME model refinement.
- Net interest income up 5%; a higher number of non-performing loans are performing again, resulting in releases of reserved net interest income.
- Operating result decreased slightly. The cost/income ratio was 50.4%.

Operating results

(in millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	First half 2017	First half 2016	Change
Net interest income	351	335	5%	335	5%	686	672	2%
Net fee and commission income	47	51	-6%	47	1%	94	101	-6%
Other operating income	16	29	-44%	11	51%	27	34	-22%
Operating income	**415**	**414**	**0%**	**393**	**6%**	**807**	**808**	**0%**
Personnel expenses	76	69	11%	73	5%	149	137	9%
Other expenses	133	131	1%	151	-12%	284	285	0%
Operating expenses	**209**	**200**	**4%**	**224**	**-7%**	**433**	**422**	**3%**
Operating result	**205**	**214**	**-4%**	**169**	**22%**	**374**	**386**	**-3%**
Impairment charges on loans and other receivables	-107	-64	-67%	-8		-115	-123	7%
Operating profit/(loss) before taxation	**312**	**278**	**12%**	**176**	**77%**	**489**	**508**	**-4%**
Income tax expense	77	69	12%	44	76%	121	126	-4%
Underlying profit/(loss) for the period	**235**	**209**	**12%**	**132**	**77%**	**367**	**382**	**-4%**
Special items		-8					-8	
Reported profit/(loss) for the period	**235**	**202**	**16%**	**132**	**77%**	**367**	**374**	**-2%**

Other indicators

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Underlying cost/income ratio	50.4%	48.3%	57.0%	53.6%	52.3%
Underlying cost of risk (in bps)[1]	-108	-67	-8	-58	-65

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 June 2017	31 March 2017	31 December 2016
Loan-to-Deposit ratio	111%	110%	107%
Loans and receivables - customers (in billions)	38.8	37.9	37.3
Of which Client loans (in billions)[1]	39.7	39.1	38.6
Due to customers (in billions)	34.8	34.6	34.9
Risk-weighted assets (risk exposure amount; in billions)	22.0	21.8	20.6
FTEs	2,808	2,746	2,751

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Net interest income rose by EUR 16 million to EUR 351 million in Q2 2017. The increase was mainly driven by the ongoing broad improvement of the Dutch economy. As a result, a higher number of non-performing loans became performing again, resulting in releases of reserved net interest income. To a lesser extent, the increase was supported by improved lending margins and continued loan growth. Growth in client lending was widely driven, including in asset-based finance and real estate. The low interest rate environment is still putting pressure on deposit margins. Most client rates are zero, while negative interest rates are charged only to a select group of clients.

Net fee and commission income decreased by EUR 4 million to EUR 47 million in Q2 2017, partly due to increased competition.

Other operating income was EUR 16 million in Q2 2017 (Q2 2016: EUR 29 million). Both quarters included positive revaluation results, although these were more favourable in Q2 2016.

Personnel expenses increased by EUR 7 million, due to a higher number of FTEs (compared with Q2 2016) and, to a lesser extent, wage inflation. The rise in the number of FTEs was due to a transfer from Group Functions (end of April 2017) to help further embed the agile way of working.

Other expenses remained nearly flat despite an increase in regulatory levies (EUR 3 million). This was attributable to lower allocated costs, mainly resulting from cost-saving programmes. The decrease in other expenses compared with Q1 2017 can be explained by lower regulatory levies in Q2 2017.

Impairment charges amounted to a release of EUR 107 million in Q2 2017 (Q2 2016: release of EUR 64 million). High impairment releases were the result of the ongoing improvement of the Dutch economy and an SME model refinement. Both quarters included an IBNI release (EUR 5 million in Q2 2017 versus EUR 48 million in Q2 2016). The underlying cost of risk was -108bps (Q2 2016: -67bps).

Corporate & Institutional Banking

Highlights

- Net profit increased to EUR 78 million, largely driven by higher Equity Participations and CVA/DVA/FVA results.
- Net interest income up 5% due to growth in client lending compared with Q2 2016.
- Higher cost levels mainly due to an increase in the provision for project costs for SME derivatives-related issues.
- Operating result up by EUR 4 million. Cost/income ratio was 65.8%.
- Cost of risk was 46bps, related entirely to ECT Clients.

Operating results

(in millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	First half 2017	First half 2016	Change
Net interest income	233	221	5%	231	1%	464	432	8%
Net fee and commission income	140	141	-1%	143	-2%	283	280	1%
Other operating income	98	40	148%	103	-4%	201	5	
Operating income	**471**	**402**	**17%**	**477**	**-1%**	**948**	**717**	**32%**
Personnel expenses	106	94	13%	107	-1%	213	187	13%
Other expenses	205	151	36%	180	14%	385	333	16%
Operating expenses	**310**	**245**	**27%**	**287**	**8%**	**597**	**520**	**15%**
Operating result	**161**	**157**	**2%**	**190**	**-15%**	**351**	**196**	**79%**
Impairment charges on loans and other receivables	67	92	-27%	77	-14%	144	124	16%
Operating profit/(loss) before taxation	**94**	**65**	**44%**	**113**	**-16%**	**207**	**72**	
Income tax expense	17	12	42%	25	-32%	41	18	128%
Underlying profit/(loss) for the period	**78**	**54**	**45%**	**88**	**-12%**	**166**	**54**	
Special items		-263					-263	
Reported profit/(loss) for the period	**78**	**-209**		**88**	**-12%**	**166**	**-209**	

Other indicators

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Underlying cost/income ratio	65.8%	60.9%	60.1%	63.0%	72.6%
Underlying cost of risk (in bps)[1]	46	73	52	49	50

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	30 June 2017	31 March 2017	31 December 2016
Loan-to-Deposit ratio	175%	179%	176%
Loans and receivables - customers (in billions)	56.4	59.5	54.2
Of which Client loans (in billions)[1]	38.1	40.1	38.3
Due to customers (in billions)	28.8	29.6	27.4
Risk-weighted assets (risk exposure amount; in billions)	35.8	38.0	34.3
FTEs	2,397	2,400	2,387

[1] Gross carrying amount excluding fair value adjustment from hedge accounting.

Net interest income increased by EUR 12 million compared with Q2 2016, largely recorded within ECT Clients on the back of increased client lending year-on-year. The increase in client lending was partly offset by lower margins resulting from a shift in the portfolio composition towards better rated clients. Deposit margins improved modestly, mainly on USD deposits. Moreover, a larger number of professional clients are being charged negative interest rates on deposits. Lower net interest income was recorded at Global Markets, largely in the area of collateral management activities.

Net fee and commission income amounted to EUR 140 million in Q2 2017, nearly flat compared with Q2 2016. Clearing reported lower fee levels in Q2 2017 as Q2 2016 saw high volatility in the financial markets in anticipation of the Brexit vote, resulting in high volumes of cleared transactions. This was offset by higher net fee and commission income at International Clients due to an increase in payment services and deal-related fees.

Other operating income increased by EUR 58 million to EUR 98 million in Q2 2017. Equity Participations results amounted to EUR 52 million in Q2 2017 (EUR 2 million Q2 2016). CVA/DVA/FVA results amounted to EUR 19 million in Q2 2017 (Q2 2016: EUR 1 million). Both were partly offset by an increase in the existing (compensation) provision for SME derivatives-related issues in Q2 2017 (EUR 15 million).

Personnel expenses increased by EUR 12 million, mainly due to a rise in the number of FTEs vs. Q2 2016 (to support the bank's growth ambitions both in the Netherlands and abroad), wage inflation and higher pension costs.

Other expenses amounted to EUR 205 million, up by EUR 54 million compared with Q2 2016. This was attributable to an increase in the provision for project costs for SME derivatives-related issues by EUR 54 million. The initial provision of EUR 55 million was recorded in Q4 2016. Regulatory levies were EUR 7 million higher. The rise in other expenses was partly offset by lower allocated costs, mainly resulting from cost-saving programmes. Compared with Q1 2017, other expenses increased by EUR 25 million in connection with the provision for project costs, largely offset by lower regulatory levies.

Impairment charges decreased by EUR 25 million to EUR 67 million in Q2 2017. Impairment charges within ECT Clients remained elevated at EUR 82 million in Q2 2017 (EUR 93 million in Q2 2016). The underlying cost of risk of Corporate & Institutional Banking was 46bps (Q2 2016: 73bps).

Client loans decreased by EUR 2 billion compared with Q1 2017. Client loans were lower due to the USD depreciation (around EUR 1.9 billion impact) and lower commodity prices (around EUR 0.8 billion impact). Underlying client loans increased by EUR 0.6 billion, divided over ECT Clients and other clients.

Group Functions

Highlights

- Net profit was EUR 15 million in Q2 2017 (Q2 2016: EUR 52 million loss).
- Improvement in other operating income was mainly driven by higher hedge accounting-related results.
- FTE levels decreased due to an internal transfer to support agile working and progress made in restructuring programmes.
- Expenses incurred directly by Group Functions decreased due to progress made in cost-saving programmes and cost control.

Operating results

(in millions)	Q2 2017	Q2 2016	Change	Q1 2017	Change	First half 2017	First half 2016	Change
Net interest income	-19	12		-1		-21	22	
Net fee and commission income	-12	-16	26%	-12	6%	-24	-27	10%
Other operating income	97	-36		80	22%	177	-37	
Operating income	**66**	**-40**		**66**	**0%**	**132**	**-41**	
Personnel expenses	215	208	4%	216	0%	431	419	3%
Other expenses	-180	-197	9%	-186	3%	-366	-397	8%
Operating expenses	**36**	**11**		**30**	**20%**	**65**	**22**	
Operating result	**31**	**-51**		**36**	**-16%**	**67**	**-63**	
Impairment charges on loans and other receivables		-3	94%				-6	97%
Operating profit/(loss) before taxation	**31**	**-48**		**36**	**-16%**	**67**	**-58**	
Income tax expense	16	4		21	-24%	37	12	
Underlying profit/(loss) for the period	**15**	**-52**		**16**	**-4%**	**30**	**-70**	
Special items								
Reported profit/(loss) for the period	**15**	**-52**		**16**	**-4%**	**30**	**-70**	

Other indicators

	30 June 2017	31 March 2017	31 December 2016
Securities financing - assets (in billions)	22.7	24.0	12.9
Loans and receivables - customers (in billions)	6.9	7.3	7.8
Securities financing - liabilities (in billions)	19.3	22.1	10.5
Due to customers (in billions)	3.2	6.0	1.8
Risk-weighted assets (risk exposure amount; in billions)	6.6	6.4	9.8
FTEs	6,752	7,183	7,416

Net interest income went down by EUR 31 million. The decline was partly driven by higher liquidity buffer costs.

Other operating income came to EUR 97 million in Q2 2017 (Q2 2016: EUR 36 million loss). The rise in other operating income was mainly driven by hedge accounting-related results and a provision related to the securities financing activities discontinued in 2009 recorded in Q2 2016. This was partly offset by a gain from the sale of Visa Europe in Q2 2016 (EUR 14 million).

Personnel expenses increased by EUR 7 million. The rise was mainly driven by a EUR 25 million addition to the restructuring provision relating to further digitalisation and process optimisation initially recorded in Q4 2016. The number of FTEs decreased by 751 compared with Q2 2016, totalling 6,752 FTEs in Q2 2017. Part of the decline in FTEs (280) was due to a transfer from Group Functions to the commercial business segments as part of further embedding the agile way of working. The remainder was mainly due to progress made in the execution of existing restructuring programmes (e.g. TOPS 2020) and the restructuring announced in Q3 2016 relating to the support and control activities.

Other expenses increased by EUR 17 million as fewer costs were allocated to the commercial segments. Expenses incurred directly by Group Functions decreased due to savings realised from cost-saving programmes and cost control.

Due to customers decreased significantly compared with Q1 2017, driven by lower foreign deposits for the purpose of currency management.

Additional financial information

To provide a better understanding of the underlying results, ABN AMRO Group has adjusted reported results for defined special items and material divestments.

Special items are material and non-recurring items which are not related to normal business activities.

In Q2 2016, the addition to the provision for SMEs with derivatives-related issues of EUR 361 million gross (EUR 271 million net of tax) was classified as a special item.

Reconciliation from underlying to reported results

	Q2 2017			Q2 2016			Q1 2017		
(in millions)	Underlying	Special items	Reported	Underlying	Special items	Reported	Underlying	Special items	Reported
Net interest income	1,599		1,599	1,582	-10	1,572	1,596		1,596
Net fee and commission income	418		418	431		431	435		435
Other operating income	475		475	188	-351	-163	215		215
Operating income	**2,492**		**2,492**	**2,201**	**-361**	**1,840**	**2,246**		**2,246**
Personnel expenses	657		657	617		617	632		632
Other expenses	711		711	643		643	721		721
Operating expenses	**1,367**		**1,367**	**1,260**		**1,260**	**1,353**		**1,353**
Operating result	**1,124**		**1,124**	**941**	**-361**	**581**	**893**		**893**
Impairment charges on loans and other receivables	-96		-96	54		54	63		63
Operating profit/(loss) before taxation	**1,220**		**1,220**	**887**	**-361**	**526**	**831**		**831**
Income tax expense	260		260	225	-90	135	215		215
Profit/(loss) for the period	**960**		**960**	**662**	**-271**	**391**	**615**		**615**

Special items

(in millions)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Operating income						
SME derivatives					-361	
Total impact on Operating Income					**-361**	
Operating expenses						
Total impact on Operating expenses						
Loan impairments						
Total impact on Loan impairments						
Total impact on Income tax expense					**-90**	
Total impact on result for the period					**-271**	

Risk, funding & capital information

Key developments

Key figures

(in millions)	30 June 2017	31 March 2017	31 December 2016
Total loans and receivables, gross excluding fair value adjustments	280,183	284,553	280,039
Of which Banks	8,874	11,040	13,488
Of which Residential mortgages	151,047	150,705	149,255
Of which Consumer loans	12,312	12,337	12,539
Of which Corporate loans	93,191	95,660	90,920
Of which Other loans and receivables - customers	14,758	14,811	13,838
On-balance sheet maximum exposure to credit risk	396,115	406,368	383,122
Total Exposure at Default (EAD)	382,687	395,624	383,118
Of which Retail Banking	176,481	176,648	175,879
Of which Private Banking	19,198	23,118	22,752
Of which Commercial Banking	45,019	44,191	43,959
Of which Corporate & Institutional Banking	70,749	74,674	71,208
Of which Group Functions	71,240	76,993	69,320
Credit quality indicators[1]			
Past due ratio	1.3%	1.3%	1.4%
Impaired ratio	3.1%	3.2%	3.3%
Coverage ratio	34.8%	36.7%	38.4%
Regulatory capital			
Total RWA (REA)	103,970	106,744	104,215
Of which Credit risk[2]	80,600	83,134	83,140
Of which Operational risk	20,023	19,982	17,003
Of which Market risk	3,348	3,628	4,072
Total RWA (REA)/total EAD	27.2%	27.0%	27.2%
Liquidity and funding indicators			
Loan-to-Deposit ratio	111.6%	111.6%	112.7%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Capital ratios			
Fully-loaded CET1 ratio	17.6%	16.9%	17.0%
Fully-loaded leverage ratio	3.9%	3.7%	3.9%

1 Loans and receivables - customers only.
2 RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2017 is EUR 0.7 billion (31 March 2017 is EUR 0.7 billion, 31 December 2016 EUR 0.8 billion).

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Underlying cost of risk (in bps)[1]	-14	8	9	-3	4
Impairment charges on loans and other receivables (in EUR million)	-96	54	63	-33	56

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

Second-quarter developments

Portfolio review

Total loans and receivables decreased to EUR 280.2 billion at 30 June 2017 (31 March 2017: EUR 284.6 billion). The decrease was mainly attributable to developments in the corporate loans portfolio (EUR 2.5 billion) on account of ECT Clients within Corporate & Institutional Banking (C&IB). The decrease in ECT Clients was the result of a weakening of the US dollar and, to a lesser extent, lower commodity prices, especially oil prices, partly offset by volume growth. Loans and receivables banks declined to EUR 8.9 billion at 30 June 2017 (31 March 2017: EUR 11.0 billion). The decreases were partly offset by a marginal increase in the residential mortgage portfolio, where new mortgage production exceeded total redemptions.

Total Exposure at Default

Exposure at Default (EaD) decreased to EUR 382.7 billion at 30 June 2017 (31 March 2017: EUR 395.6 billion). This decrease was driven by Private Banking (due to the Private Banking divestment) and, to a lesser extent, C&IB (primarily by ECT Clients), mainly as a result of lower business volume. The decrease was partly offset by an increase in business volume for Commercial Banking.

Credit quality indicators

The continued upturn in the Dutch economy is reflected in the improvements of our credit quality indicators, despite challenging circumstances in the ECT Clients business.

Regulatory capital

Total RWA (REA) decreased to EUR 104.0 billion at 30 June 2017 (31 March 2017: EUR 106.7 billion). The decrease was caused by a decline in credit risk, mainly due to lower business volume within C&IB. Furthermore, RWA (REA) for Retail Banking declined due to higher collateral values and improved credit quality. RWA (REA) for market risk declined by EUR 0.3 billion to EUR 3.3 billion in the second quarter of this year, partly due to decreases in positions (mainly bond futures).

Liquidity and funding

The bank maintains a strong liquidity buffer and a stable funding base. The Liquidity Coverage Ratio and the Net Stable Funding Ratio both remained above 100% in Q2 2017. The Loan-to-Deposit (LtD) ratio remained stable at 112% at 30 June 2017 (31 March 2017: 112%).

Cost of risk

Cost of risk decreased to -14bps in Q2 2017 (Q2 2016: 8bps). Almost all sub-portfolios saw impairment releases in line with the continued improvement of the Dutch economy, although the contribution of the corporate loans portfolio was larger than the other portfolios, particularly within Commercial Banking. ECT Clients (part of C&IB) saw elevated impairments due to continued challenging market circumstances.

Change in accounting policies: IFRS 9

As of the first of January 2018, the transition from IAS 39 to IFRS 9 becomes effective. As a result, the way we determine risk stages and impairment allowances will change. The underlying risk profile of the loan portfolio will not be affected. The impact of the First Time Adoption (FTA) of IFRS 9 will be taken through equity and could therefore impact the CET1 capital ratio.

Recently, the EBA published the results of their second IFRS 9 Impact Assessment. ABN AMRO was one of the 54 European banks in scope of this assessment. Based on September or December 2016 balance sheets, EBA assesses the average FTA impact on the CET1 capital ratio to be approximately 45bps. The estimated FTA impact on CET1 of IFRS 9 for ABN AMRO is currently lower, subject to certain limitations, assumptions and simplifications made at the time of the impact calculation.

The impact on the total capital ratio is expected to be smaller, given the offsetting effect of regulatory deductions.

Credit risk

Reporting scope risk

The table below provides an overview of the figures reported in the Condensed Consolidated balance sheet (net) and the figures reported in the credit risk section (gross).

(in millions)	30 June 2017			31 March 2017			31 December 2016		
	Gross carrying amount	Loan impairment allowance	Carrying amount	Gross carrying amount	Loan impairment allowance	Carrying amount	Gross carrying amount	Loan impairment allowance	Carrying amount
Loans and receivables - banks	**8,874**	**6**	**8,868**	**11,040**	**5**	**11,034**	**13,488**	**3**	**13,485**
Residential mortgages	153,475	175	153,300	153,458	233	153,225	152,328	258	152,069
Less: Fair value adjustment from hedge accounting on residential mortgages	2,428		2,428	2,753		2,753	3,073		3,073
Residential mortgages, excluding fair value adjustments	**151,047**	**175**	**150,872**	**150,705**	**233**	**150,472**	**149,255**	**258**	**148,997**
Consumer loans	**12,312**	**381**	**11,932**	**12,337**	**409**	**11,928**	**12,539**	**433**	**12,106**
Corporate loans	94,628	2,486	92,142	97,241	2,754	94,487	92,641	2,895	89,746
Less: Fair value adjustment from hedge accounting on corporate loans	1,437		1,437	1,580		1,580	1,722		1,722
Corporate loans, excluding fair value adjustments	**93,191**	**2,486**	**90,705**	**95,660**	**2,754**	**92,906**	**90,920**	**2,895**	**88,025**
Other loans and receivables - customers[1]	14,768	82	14,686	14,811	85	14,726	13,838	81	13,757
Less: Fair value adjustment from hedge accounting on other loans and receivables - customers	10		10						
Other loans and receivables - customers, excluding fair value adjustments[1]	**14,758**	**82**	**14,676**	**14,811**	**85**	**14,726**	**13,838**	**81**	**13,757**
Total loans and receivables - customers, excluding fair value adjustments	**271,309**	**3,124**	**268,185**	**273,513**	**3,481**	**270,033**	**266,551**	**3,666**	**262,884**
Fair value adjustments on Loans and receivables - customers	3,875		3,875	4,333		4,333	4,794		4,794
Total loans and receivables - customers	**275,183**	**3,124**	**272,059**	**277,847**	**3,481**	**274,366**	**271,345**	**3,666**	**267,679**
Total loans and receivables, excluding fair value adjustments	**280,183**	**3,130**	**277,053**	**284,553**	**3,486**	**281,067**	**280,039**	**3,669**	**276,369**
Total fair value adjustments on Loans and receivables	3,875		3,875	4,333		4,333	4,794		4,794
Total loans and receivables	**284,057**	**3,130**	**280,927**	**288,886**	**3,486**	**285,400**	**284,833**	**3,669**	**281,164**
Other			122,892			132,398			113,318
Total assets			**403,819**			**417,798**			**394,482**

[1] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Highlights

- Almost all sub-portfolios improved in line with the continued improvement of the Dutch economy.
- Most of the loan portfolios recorded impairment releases.
- ECT Clients is still facing elevated impairment levels.

Second-quarter developments

Past due (but not impaired)

Total past due exposure on loans and receivables - customers declined modestly to EUR 3.4 billion at 30 June 2017 (31 March 2017: EUR 3.5 billion). The past due ratio in this period remained stable at 1.3%.

Almost all of the sub-portfolios improved in line with the continued improvement of the Dutch economy. Only other loans and receivables - customers increased, mainly as a result of a few larger clients with small overdue amounts in the <30 days bucket.

Coverage and impaired loans

Impaired exposures relating to the loans and receivables - customers portfolio declined to EUR 8.4 billion at 30 June 2017 (31 March 2017: EUR 8.8 billion) and allowances for impairments decreased to EUR 2.9 billion at 30 June 2017 (31 March 2017: EUR 3.2 billion). The coverage ratio declined to 34.8% at 30 June 2017 (31 March 2017: 36.7%). The impaired ratio improved to 3.1% in the second quarter (31 March 2017: 3.2%).

Almost all of the sub-portfolios improved in line with the continued improvement of the Dutch economy, although the contribution of the corporate loans portfolio was larger than the other portfolios.

Corporate loans were impacted by the sale of matured real estate loans by the Financial Restructuring & Recovery department (FR&R) at the end of June 2017. This transaction resulted in a decline of impaired exposures by approximately EUR 0.2 billion and of allowances by approximately EUR 0.1 billion. In addition, within corporate loans, Commercial Banking benefited from the Dutch economy. This was offset by a rise in the impaired portfolio within ECT Clients.

Other loans and receivables were impacted by a few new impaired files.

Impairment charges

Impairment charges declined sharply and resulted in a release of EUR 96 million in Q2 2017 (Q2 2016: EUR 54 million addition). Corporate loans and residential mortgages were the main contributors to this release.

Within Corporate loans, Commercial Banking benefited from positive developments in the Dutch economy combined with a model refinement, resulting in several releases. The releases were partly offset by a lower IBNI release compared with Q2 2016. Contrary to Commercial Banking, ECT Clients is still suffering from challenging market circumstances and recorded some additions.

Impairment charges for residential mortgages declined due to an IBNI release in Q2 2017, a model refinement, and due to releases resulting from the decreasing default portfolio in combination with increasing housing prices.

Consumer loans recorded a release in line with the improvements of the Dutch economy.

Developments over the first six months of 2017

Reviewed

Past due (but not impaired)

Total past due exposure on loans and receivables - customers declined to EUR 3.4 billion at 30 June 2017 (31 December 2016: EUR 3.6 billion). Combined with an increased loan portfolio, the past due ratio improved slightly to 1.3% in the first half of 2017 (31 December 2016: 1.4%). Long-term arrears declined in almost all sub-portfolios, reflecting the overall improvement of the loan portfolio.

At sub-portfolio level, past due exposure on residential mortgages increased marginally, influenced by the alignment of reporting procedures for some of our smaller mortgage labels in the first quarter of this year. This was more than offset by decreases in consumer loans and corporate loans, in line with the continued upturn of the Dutch economy.

Coverage and impaired loans

Impaired exposures for the loans and receivables - customers portfolio declined to EUR 8.4 billion at 30 June 2017 (31 December 2016: EUR 8.9 billion) and allowances for impairments decreased to EUR 2.9 billion at 30 June 2017 (31 December 2016: EUR 3.4 billion). The coverage ratio declined to 34.8% at 30 June 2017 (31 December 2016: 38.4%). The impaired ratio improved to 3.1% at 30 June 2017 (31 December 2016: 3.3%). The decline in impaired exposures and in the allowance for impairments was driven by corporate loans.

Impaired corporate loans decreased as a result of write-offs and clients returning to the performing portfolio within Commercial Banking. In addition, corporate loans were impacted by the sale of matured real estate loans by the FR&R department at the end of June 2017. The decrease within Commercial Banking was offset by a rise in the impaired portfolio within ECT Clients, which was accountable mainly to the transportation portfolio.

Other loans and receivables were impacted by several new impaired files with relatively low coverage ratios.

Impairment charges

In the first half of 2017, impairment charges decreased by EUR 89 million and resulted in a release of EUR 33 million (H1 2016: EUR 56 million addition). Most of the portfolios benefited from lower additions and higher releases. The releases were partly offset by lower IBNI releases (H1 2017: EUR 41 million vs. H1 2016: EUR 130 million).

Residential mortgages and consumer loans benefited from the positive improvement of the Dutch economy, which resulted in releases in both portfolios. For residential mortgages, this was the result of the decreasing default portfolio as well as increasing housing prices. In addition, residential mortgages benefited from a model refinement. Corporate loans were impacted by a lower IBNI release in the first half of 2017 (H1 2017: EUR 6 million vs. H1 2016: EUR 108 million).

Within the corporate loans portfolio, Commercial Banking also benefited from positive developments in the Dutch economy. In combination with a model refinement, this resulted in several releases. On the other hand, ECT Clients within Corporate & Institutional Banking is still facing challenging market circumstances, resulting in higher impairment charges for C&IB.

Past due (but not impaired) loans Reviewed

	30 June 2017						31 March 2017[3]	31 December 2016
		Days past due						
(in millions)	Gross carrying amount	<= 30 days	> 30 days & <= 90 days	> 90 days	Total past due but not impaired	Past due ratio	Past due ratio	Past due ratio
Loans and receivables - banks	**8,874**							
Loans and receivables - customers								
Residential mortgages[1]	151,047	2,002	166	6	2,174	1.4%	1.5%	1.4%
Consumer loans	12,312	252	81	52	384	3.1%	3.3%	3.9%
Corporate loans[1]	93,191	366	58	74	498	0.5%	0.7%	0.7%
Other loans and receivables - customers[1,2]	14,758	336	34	11	382	2.6%	1.4%	2.8%
Total Loans and receivables - customers	**271,309**	**2,956**	**339**	**143**	**3,438**	**1.3%**	**1.3%**	**1.4%**
Total Loans and receivables	**280,183**	**2,956**	**339**	**143**	**3,438**	**1.2%**	**1.2%**	**1.3%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 The figures in column 31 March 2017 are not reviewed. This column is for comparison purposes only.

Impaired loans Reviewed

(in millions)	30 June 2017 Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk[3]	Coverage ratio	Impaired ratio	31 March 2017[4] Coverage ratio	Impaired ratio	31 December 2016 Coverage ratio	Impaired ratio
Loans and receivables - banks	**8,874**								
Loans and receivables - customers									
Residential mortgages[1]	151,047	1,106	-152	13.7%	0.7%	15.6%	0.8%	16.7%	0.8%
Consumer loans	12,312	659	-347	52.6%	5.3%	52.6%	5.7%	52.4%	5.9%
Corporate loans[1]	93,191	6,321	-2,359	37.3%	6.8%	39.4%	6.9%	41.2%	7.4%
Other loans and receivables - customers[1,2]	14,758	331	-71	21.3%	2.2%	24.3%	2.0%	30.7%	1.6%
Total Loans and receivables - customers	**271,309**	**8,417**	**-2,928**	**34.8%**	**3.1%**	**36.7%**	**3.2%**	**38.4%**	**3.3%**
Total Loans and receivables	**280,183**	**8,417**	**-2,928**	**34.8%**	**3.0%**	**36.7%**	**3.1%**	**38.4%**	**3.2%**

1 Gross carrying amount excludes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 Amounts excluding Incurred But Not Identified (IBNI).
4 The figures in column 31 March 2017 are not reviewed. This column is for comparison purposes only.

Loan impairment charges and allowances

(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Q2 2017 Total
Balance at begin of period		**5**	**233**	**409**	**2,836**	**3**	**3,486**
Impairment charges for the period			11	3	131		146
Reversal of impairment allowances no longer required			-45	-4	-172		-220
Recoveries of amounts previously written-off			-7	-10	-4		-22
Total impairment charges on loans and other receivables			**-40**	**-10**	**-45**		**-96**
Other adjustments			-18	-18	-225		-261
Balance at end of period		**6**	**175**	**381**	**2,566**	**3**	**3,130**

1 Corporate loans includes Financial lease receivables and Factoring.

(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Q2 2016 Total
Balance at begin of period	**10**	**3**	**311**	**523**	**3,273**	**1**	**4,121**
Impairment charges for the period		-1	14	42	195	-1	249
Reversal of impairment allowances no longer required	-2			-16	-156		-174
Recoveries of amounts previously written-off			-6	-11	-3		-20
Total impairment charges on loans and other receivables	**-2**	**-1**	**8**	**15**	**36**	**-1**	**54**
Other adjustments	-7		-33	-30	-133		-203
Balance at end of period		**2**	**286**	**508**	**3,176**		**3,972**

1 Corporate loans includes Financial lease receivables and Factoring.

Loan impairment charges on- and off-balance sheet

(in millions)	Q2 2017	Q2 2016
On-balance sheet	-96	54
Off-balance sheet		
Total impairment charges on loans and other receivables	**-96**	**54**

Loan impairment charges and allowances in the first six months Reviewed

	First half 2017						
(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Total
Balance at begin of period		**3**	**258**	**433**	**2,973**	**2**	**3,670**
Impairment charges for the period		3	17	36	290		346
Reversal of impairment allowances no longer required			-46	-33	-257		-336
Recoveries of amounts previously written-off			-14	-20	-9		-43
Total impairment charges on loans and other receivables		**3**	**-43**	**-17**	**24**		**-33**
Other adjustments			-40	-35	-431		-507
Balance at end of period		**6**	**175**	**381**	**2,566**	**3**	**3,130**

[1] Corporate loans includes Financial lease receivables and Factoring.

	First half 2016						
(in millions)	Securities financing	Banks	Residential mortgages	Consumer loans	Corporate loans[1]	Other loans	Total
Balance at begin of period	**11**	**2**	**324**	**561**	**3,470**	**1**	**4,368**
Impairment charges for the period			45	88	353		486
Reversal of impairment allowances no longer required	-2			-54	-331		-388
Recoveries of amounts previously written-off			-12	-20	-10		-43
Total impairment charges on loans and other receivables	**-2**		**33**	**14**	**12**		**56**
Other adjustments	-8		-71	-67	-306	-1	-452
Balance at end of period		**2**	**286**	**508**	**3,176**		**3,972**

[1] Corporate loans includes Financial lease receivables and Factoring.

Loan impairment charges on- and off-balance sheet

(in millions)	First half 2017	First half 2016
On-balance sheet	-33	56
Off-balance sheet		
Total impairment charges on loans and other receivables	**-33**	**56**

Developments in specific portfolios

Residential mortgages

Key residential mortgage indicators

(in millions)	30 June 2017	31 March 2017	31 December 2016
Gross carrying amount excl. fair value adjustment from hedge accounting	151,047	150,705	149,255
Of which Nationale Hypotheek Garantie (NHG)	38,817	39,170	39,293
Exposure at Default[1]	166,876	166,453	165,199
Risk-weighted assets/ risk exposure amount[1]	18,131	18,579	19,090
RWA (REA)/EAD	10.9%	11.2%	11.6%
Past due ratio	1.4%	1.5%	1.4%
Impaired ratio	0.7%	0.8%	0.8%
Coverage ratio	13.7%	15.6%	16.7%
Average Loan-to-Market-Value	74%	75%	76%
Average Loan-to-Market-Value - excluding NHG loans	71%	72%	73%

1 The RWA (REA) and Exposure at Default amounts are based on the exposure class Secured by immovable property. This scope is slightly broader than the residential mortgage portfolio.

Underlying cost of risk

	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Underlying cost of risk (in bps)[1]	-11	2	-1	-6	4
Impairment charges on residential mortgages (in EUR million)	-40	8	-3	-43	33

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

Housing market developments

The upswing of the Dutch housing market continued its trend in Q2 2017. Housing transactions as well as housing prices continued to rise. House sales are still benefiting from low interest rates and the Dutch economic upturn. The improvement was visible in all parts of the Netherlands, whereas initially the urban agglomeration in the north-western part of the Netherlands had been the main driver of the improvement.

The number of transactions in the Dutch housing market in Q2 2017 showed a 16% rise compared with the second quarter of 2016 (4.4% compared with Q1 2017), according to Statistics Netherlands (CBS). The CBS housing price index also rose 2.0% in Q2 2017 compared with Q1 2017.

Residential mortgage portfolio

The residential mortgage portfolio grew marginally to EUR 151.0 billion at 30 June 2017 (31 March 2017: EUR 150.7 billion). New mortgage production was lower than in the first quarter of this year, but exceeded total redemptions, which remained fairly stable in the second quarter of 2017. The NHG-guaranteed part of the residential mortgage portfolio decreased marginally to 25.7% at 30 June 2017 (31 March 2017: 26.0%). The proportion of redeeming mortgages grew to 21% of the residential mortgage portfolio at 30 June 2017 (31 March 2017: 20%).

ABN AMRO's market share in new mortgage production in Q2 2017 was 20.8%[1], which was less than in Q1 2017 (25.8%), although still strong and higher than in Q2 2016 (19.6%). The proportion of new mortgage production backed by NHG guarantees continued to decline, totalling 14% in Q2 2017, compared with 15% in Q1 2017.

1 Source: Dutch Land Registry (Kadaster)

Rising housing prices and a steady reduction of the maximum NHG limit in recent years have resulted in fewer mortgages being eligible for an NHG guarantee.

Total redemptions in Q2 2017 amounted to EUR 3.5 billion, similar to Q1 2017. Contractual redemptions gradually increased, following current tax regulations. In Q2 2017, extra repayments amounted to EUR 0.4 billion, which was lower than in Q1 2017 (EUR 0.6 billion). Incentives for extra repayments are still the very low interest rates on savings and an increased awareness among home owners that they may ultimately have a residual debt at the end of their loan term.

Regulatory capital

The RWA (REA) for the residential mortgage portfolio declined to EUR 18.1 billion at 30 June 2017, as a result of improved credit quality (higher collateral value and improved client ratings). Exposure at Default (EaD) increased marginally in line with the growth of the residential mortgage portfolio.

Credit quality indicators

Credit quality indicators continued their positive trend in line with the Dutch economy.

Loan to market value (LtMV)

Rising housing prices and restrictions on the maximum Loan to Market Value (LtMV) for new mortgages led to a further improvement of the overall average LtMV. The same trend can be noted for the LtMV of mortgages not guaranteed by NHG. Approximately 10% of the extra repayments relate to mortgages with an LtMV>100%.

The gross carrying amount of mortgages with an LtMV above 100% decreased to EUR 18.7 billion at 30 June 2017 (31 March 2017: EUR 22.7 billion). Note that LtMVs in excess of 100% do not necessarily indicate that these clients are in financial difficulties. However, ABN AMRO advises clients not to maintain loans at high LtMV levels.

The long-term LtMV of the bank's portfolio is expected to decrease further as a result of the regulatory reduction of the maximum LtMV on mortgage loans, rising housing prices, extra redemptions and current tax regulations.

Residential mortgages to indexed market value

	30 June 2017				31 March 2017				31 December 2016			
(in millions)	Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed[2]	- of which unguaranteed
LtMV category[1]												
<50%	27,519	18.2%	2.0%	16.2%	26,447	17.5%	2.0%	15.6%	26,021	17.4%	1.9%	15.5%
50% - 80%	52,483	34.7%	7.4%	27.4%	49,522	32.9%	6.7%	26.2%	47,631	31.9%	6.4%	25.5%
80% - 90%	25,749	17.0%	6.3%	10.7%	24,660	16.4%	5.9%	10.5%	23,498	15.7%	5.5%	10.2%
90% - 100%	24,705	16.4%	6.1%	10.3%	25,306	16.8%	6.6%	10.2%	25,498	17.1%	7.0%	10.1%
100% - 110%	12,740	8.4%	2.7%	5.7%	15,114	10.0%	3.3%	6.8%	15,596	10.4%	3.6%	6.9%
110% - 120%	4,706	3.1%	0.9%	2.2%	5,951	3.9%	1.2%	2.8%	6,999	4.7%	1.4%	3.2%
>120%	1,224	0.8%	0.3%	0.5%	1,678	1.1%	0.4%	0.7%	2,110	1.4%	0.5%	1.0%
Unclassified	1,921	1.3%			2,028	1.3%			1,904	1.3%		
Total	**151,047**	**100%**			**150,705**	**100%**			**149,255**	**100%**		

[1] ABN AMRO calculates the Loan-to-Market Value using the indexation of the CBS (Statistics Netherlands).
[2] NHG guarantees.

Breakdown of residential mortgage by loan type

	30 June 2017		31 March 2017		31 December 2016	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	48,283	32%	48,293	32%	47,798	32%
Interest only (100%)	28,357	19%	28,886	19%	29,638	20%
Redeeming mortgages (annuity/linear)	31,663	21%	29,607	20%	26,883	18%
Savings	19,921	13%	20,424	14%	20,860	14%
Life (investment)	14,733	10%	14,908	10%	15,451	10%
Other[1]	8,089	5%	8,588	6%	8,625	6%
Total	**151,047**	**100%**	**150,705**	**100%**	**149,255**	**100%**

[1] Other includes hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

Energy, Commodities & Transportation Clients

ECT Clients operates in cyclical market sectors. This cyclicality is reflected in our lending policies, financing structures, advance rates and risk management. ECT Clients provides financing, generally secured by either commodities for which liquid markets exist, first-priority mortgages or pledged contracted project cash flows.

The loan book is subject to continuous and stringent credit monitoring. ABN AMRO periodically performs sensitivity analyses and stress testing exercises to gain insight into the credit performance under different price scenarios, economic scenarios and risk measures.

During the second quarter, the oil price moved between USD 44-55 per barrel (Q1 2017: 50-55 per barrel). At this price level the oil services industry remains vulnerable due to a lack of investments. Circumstances in a number of shipping markets, especially offshore support vessels and container shipping, remain challenging due to continued overcapacity and/or reduced demand.

Loan portfolio

The vast majority of the loan portfolio is USD denominated. The on-balance loan portfolio decreased by 7.9% to EUR 28.6 billion at 30 June 2017 (31 March 2017: EUR 31.1 billion). The decrease can be largely explained by a weakening of the US dollar in Q2 (portfolio effect of EUR 1.9 billion). In addition, the Commodities utilisation decreased by EUR 0.8 billion as a result of declining commodity prices, especially oil prices. In USD terms, the Energy portfolio recorded moderate growth, particularly in the US, whereas the Transportation portfolio remained stable.

Impairment charges

Impairment charges remained elevated at EUR 82 million in Q2 2017 (Q2 2016: EUR 93 million). Impairment charges were recorded in all three sectors, almost equally divided. Cost of risk decreased to 116bps for Q2 2017 (Q2 2016: 153bps).

Scenario analysis

Scenario analyses are performed on a regular basis. External developments may prompt us to test the resilience of specific portfolios under adverse conditions. These scenarios may lead to management actions to limit potential impairments and losses.

Our scenario analysis on the oil & gas related portfolio runs from mid-2016 until year-end of 2017. The impairment charges recorded in this portfolio are currently below the mild scenario (with impairments up to EUR 125 million) and the severe scenario (with impairments up to EUR 200 million).

The mild scenario on the transportation portfolio covers a period from the beginning 2016 until mid-2017 and the severe scenario until year-end 2017. The impairment charges currently recorded are above the mild scenario (with impairments up to EUR 75 million) and below the severe scenario (with impairments up to EUR 225 million).

ECT Clients on- and off balance-sheet exposure

	30 June 2017				31 March 2017	31 December 2016
(in billions)	Energy	Commodities	Transportation	Total ECT clients	Total ECT clients	Total ECT clients
On-balance sheet exposure	**5.8**	**13.2**	**9.6**	**28.6**	**31.1**	**30.8**
Guarantees and letters of credit	0.9	6.6	0.1	7.6	8.5	8.4
Subtotal	**6.7**	**19.8**	**9.7**	**36.2**	**39.6**	**39.1**
Undrawn committed credit facilities	3.6	2.9	1.2	7.7	7.3	6.5
Total on- and off-balance sheet exposure	**10.3**	**22.7**	**10.9**	**43.9**	**46.9**	**45.6**

ECT Clients loan impairment charges

(in millions)	Q2 2017	Q2 2016	Q1 2017	First half 2017	First half 2016
Impairments charges ECT clients	82	93	59	141	141
- of which Energy	28	63	11	39	91
- of which Commodities	28	-1	24	51	12
- of which Transportation	26	32	25	51	38
Underlying Cost of risk ECT (in bps)[1]	116	153	81	99	117

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

Market risk

Market risk in the banking book

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

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

Interest rate risk metrics

	30 June 2017	31 December 2016
NII-at-risk (in %)	-0.2	-0.4
Duration of equity (in years)	3.9	4.1

NII-at-Risk is the difference in net interest income (NII) between a base scenario and two alternative scenarios. NII-at-Risk is defined as the worst outcome of two scenarios as compared to a base scenario: a gradual increase in interest rates and a gradual decline in interest rates by 200bps, both over a 1-year period. NII-at-Risk covers all expected cash flows, including commercial margins and other spread components, from interest-rate-sensitive assets and liabilities and off-balance sheet items in the banking book.

The NII-at-Risk in Q2 remained stable at -0.2% (approximately EUR -9 million) and, as in Q4 2016, reflects a reduction of NII in the falling rates scenario. In a scenario reflecting a rise in interest rates, NII would increase by 1.2% (approximately EUR 66 million). In calculating the NII-at-Risk, the balance sheet development is taken into account. In the falling rate scenario, a floor of -100bps on market rates was applied, as well as a floor of 0bps on retail deposits.

Duration of equity decreased from 4.1 to 3.9 years. Although duration increased due to business developments, the effect was muted due to active hedging of the portfolio. Duration reflects value changes due to small parallel shifts of the yield curve. Computation of the duration is based on deriving the change in economic value of a portfolio due to an interest rate increase compared with a base scenario.

Market risk in the trading book

ABN AMRO has limited exposure in its trading book.

Internal aggregated diversified and undiversified VaR for all trading positions

	Q2 2017		Q2 2016		Q4 2016	
(in millions)	Diversified	Undiversified	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	7.0	8.2	2.1	3.8	7.2	8.4
Highest VaR	9.8	10.2	6.5	8.6	10.8	14.0
Lowest VaR	4.2	5.3	2.0	3.1	6.1	7.6
Average VaR	7.2	8.3	2.9	5.1	7.7	9.5

Second-quarter developments

In Q2 2017, the average diversified 1-day VaR at a 99% confidence level increased by EUR 4.3 million to EUR 7.2 million. The highest VaR in Q2 2017 was EUR 9.8 million (Q2 2016: 6.5 million).The average undiversified VaR increased from EUR 8.1 million in Q1 2017 to EUR 8.3 million in Q2 2017.

While the risk profile remained stable and moderate, the increase observed in the diversified VaR was driven by the negative interest rate environment.

Liquidity risk

Liquidity indicators

	30 June 2017	31 March 2017	31 December 2016
Available liquidity buffer (in billions)	73.4	77.8	78.9
Survival period (moderate stress)	> 12 months	> 12 months	> 12 months
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Loan-to-Deposit ratio	112%	112%	113%

The objective of ABN AMRO's liquidity management is to comply at all times with regulatory, internal and other relevant liquidity requirements. To this effect, the bank maintains a strong liquidity buffer and a stable funding base. The liquidity objectives are measured by several indicators.

The survival period reflects the period that the bank's liquidity position is expected to remain positive in an internally developed (moderate) stress scenario. This scenario assumes wholesale funding markets will deteriorate and retail and commercial clients will withdraw part of their deposits. The survival period was consistently >12 months in Q2 of 2017. The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% in Q2 of 2017. This is in line with the bank's targeted early compliance with LCR and NSFR future regulatory requirements.

Loan-to-Deposit ratio

The Loan-to-Deposit (LtD) ratio[1] remained stable at 112% at 30 June 2017 (31 March 2017: 112%). Client loans and client deposits decreased in Q2 2017.

The decrease in client loans in Q2 of 2017 was mainly driven by a EUR 2.7 billion decrease in Corporate & Institutional Banking loans on the back of USD depreciation (around EUR 1.9 billion impact) and lower commodity prices (around EUR 0.8 billion impact). This was partially offset by an increase of EUR 0.9 billion in Commercial Banking loans and an increase of EUR 0.3 billion in Retail mortgages. The decrease in client deposits in Q2 of 2017 was mainly driven by a EUR 2.9 billion decrease in short-term time deposits. These professional deposits are mainly USD-denominated and serve as an alternative for short-term FX swaps. This was partially offset by an increase of EUR 1.5 billion in Retail Banking deposits, mainly due to holiday allowances.

[1] The ratio includes all client-driven loans and deposits, but excludes loans to and deposits from governments.

Liquidity buffer composition

	30 June 2017		31 March 2017		31 December 2016	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	25.6	25.6	28.7	28.7	21.5	21.5
Government bonds	32.4	32.9	32.8	33.5	33.5	34.5
Covered bonds	1.7	1.6	2.0	1.9	2.2	2.1
Retained RMBS	6.5		5.7		11.5	
Third party RMBS	0.2	0.2	1.1	0.9	1.5	1.3
Other	6.9	7.5	7.4	8.0	8.8	9.2
Total liquidity buffer	**73.4**	**67.9**	**77.8**	**73.0**	**78.9**	**68.5**
- of which in EUR	92.8%		91.6%		90.3%	
- of which in other currencies	7.2%		8.4%		9.7%	

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

The liquidity buffer decreased to EUR 73.4 billion at 30 June 2017 (31 March 2017: EUR 77.8 billion). The decrease was mainly driven by lower cash & central banks deposits, which was largely the result of decreasing commercial paper and certificates of deposit, within our targeted bandwidth for short-term funding. This enables us to manage our liquidity ratios efficiently.

The liquidity buffer consists largely of cash and deposits at central banks, government bonds and retained residential mortgage back securities (RMBS). Most of the securities in the liquidity buffer, with the exception of retained RMBS, qualify for the LCR. Furthermore, both the liquidity buffer and the LCR buffer face haircuts based on their market value. These haircuts are used to determine the liquidity value. Haircuts may differ between these two buffers, as the internal assessment of the liquidity buffer deviates from the LCR Delegated Act. This explains the differences between the liquidity values. Government bonds, for example, will be subject to a higher internal haircut than the haircut based on the LCR Delegated Act. As a result, the value of government bonds for the liquidity buffer is lower than the value that qualifies for the LCR.

Funding

ABN AMRO's funding strategy aims to optimise and diversify the bank's funding sources. This strategy leads to a diverse, stable and cost-efficient funding base. Client deposits constitute ABN AMRO's main source of funding. This is complemented by a well-diversified portfolio of wholesale funding. Client deposits decreased to EUR 234.8 billion at 30 June 2017 (31 March 2017: EUR 236.0 billion). Total wholesale funding (defined as issued debt plus subordinated liabilities) decreased to EUR 87.4 billion at 30 June 2017 (31 March 2017: EUR 92.6 billion). The decrease since 31 March 2017 was mainly attributable to a decrease in commercial paper and certificates of deposit, within our targeted bandwidth for short-term funding, allowing us to manage our liquidity ratios efficiently. Other long-term funding decreased by EUR 1.0 billion, due to a maturing long-term repurchasing transaction.

Long-term funding raised

Long-term funding raised in Q2 2017 amounted to EUR 1.7 billion. This was raised by means of unsecured funding instruments, mainly USD-denominated. The main drivers were funds needed in relation to the sale of PB Asia and to support Corporate & Institutional Banking growth plans.

The instruments issued are included in the funding overview below. More information on capital instruments is provided in the Capital management section of this report.

Overview of funding types

A key goal of the funding strategy is to diversify funding sources. Our funding programmes allow us to issue various instruments in different currencies and markets, enabling us to diversify our investor base. A description of capital and funding instruments issued by ABN AMRO is provided on our website, abnamro.com/ir. We continuously assess our wholesale funding base in order to optimise the use of funding sources.

Main types of wholesale funding

(in millions)	30 June 2017	31 March 2017	31 December 2016
Euro Commercial Paper	1,764	2,638	2,501
London Certificates of Deposit	5,210	8,114	8,843
French Certificats de Dépôt	218	232	651
US Commercial Paper	4,300	4,616	4,710
Total Commercial Paper/Certificates of Deposit	**11,491**	**15,599**	**16,705**
Senior unsecured (medium-term notes)	32,397	31,786	32,815
Covered bonds	29,716	30,314	29,355
Securitisations	1,850	2,350	2,350
Saving certificates	6	6	52
Total issued debt	**75,461**	**80,055**	**81,278**
Subordinated liabilities	11,975	12,516	11,171
Total wholesale funding	**87,436**	**92,571**	**92,450**
Other long-term funding[1]	8,812	9,809	5,843
Total funding instruments[2]	**96,248**	**102,380**	**98,292**
- of which CP/CD matures within one year	11,491	15,599	16,705
- of which funding instruments (excl. CP/CD) matures within one year	10,980	12,356	14,244
- of which matures after one year	73,777	74,425	67,342

[1] Includes long-term repos (recorded in securities financing), TLTRO funding (recorded in due to banks) and funding with the Dutch State as counterparty (recorded in due to customers).
[2] Includes FX effects, fair value adjustments and interest movements.

Maturity calendar

The maturity calendar presented on the next page assumes redemption on the earliest possible call date or the legal maturity date. However, this does not mean that the instruments will be called at the earliest possible call date. Early redemption of subordinated instruments is subject to the approval of the regulators.

The targeted long-term refinancing operations II (TLTRO II) are reported at the legal maturity of four years, although there is a voluntary repayment option after two years. ABN AMRO's total TLTRO II participation is EUR 8 billion. The average remaining maturity of the total outstanding long-term wholesale funding decreased to 4.7 years at 30 June 2017 (31 March 2017: 4.8 years).

Maturity calendar at 30 June 2017

												30 June 2017
(notional amounts, in billions)	2017[1]	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥ 2027	Total
Senior unsecured	4.5	5.3	9.0	4.7	1.2	3.2	1.2	0.3	1.7	0.1	0.6	31.7
Covered bonds	0.2	1.9	1.8	2.5	2.5	2.7	1.9	1.8	0.5	1.6	10.1	27.6
Securitisations	0.6	0.8	0.5									1.9
Subordinated liabilities	2.0			1.6	1.5	1.5	2.4		1.3	0.9	0.3	11.5
Other long-term funding[2]				4.1	4.3					0.3	0.2	8.8
Total Long-term funding	**7.3**	**8.0**	**11.3**	**12.9**	**9.4**	**7.5**	**5.5**	**2.1**	**3.5**	**2.8**	**11.1**	**81.4**

Total Long-term funding

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥ 2027	Total
31 March 2017	9.6	7.6	10.5	13.1	9.5	7.5	5.6	2.1	3.6	2.9	11.1	83.0
31 December 2016	14.0	7.4	8.8	13.1	5.5	7.5	4.2	2.1	3.6	2.9	8.0	77.1

[1] Includes funding that matures in Q3 and Q4 2017.
[2] Other long-term funding includes TLTRO II and funding with the Dutch State as counterparty.

Capital management

ABN AMRO's solid capital position ensures that the bank is compliant with the fully-loaded capital requirements of the Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR). The bank strives to optimise its capital structure in anticipation of pending regulatory requirements. The capital structure consists mainly of common equity and loss-absorbing instruments to cover unexpected losses. The subordination of the loss absorbing instruments provides further protection to senior creditors.

Developments impacting capital ratios

The overall capital base increased slightly during Q2 2017, mainly as a result of accumulated profit. The total RWA (REA) decreased to EUR 104.0 billion at 30 June 2017 (31 March 2017: EUR 106.7 billion). More information on RWA (REA) is provided in the Key Developments section of this report. At 30 June 2017, the fully loaded Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 17.6%, 18.6% and 24.8% respectively. In anticipation of Basel IV (see subsection Regulatory capital developments), all capital ratios were well above regulatory minimum requirements and in line with the bank's risk appetite and strategic ambitions.

In 2017, ABN AMRO will be required to meet a minimum CET1 ratio of 9.0% on a consolidated basis, excluding a counter-cyclical buffer, but including a 1.25% capital conservation buffer and a 1.5% systemic risk buffer (SRB). ABN AMRO is comfortably above the 9.0% minimum, with a phase-in CET1 ratio amounting to 17.7% at 30 June 2017.

The Maximum Distributable Amount (MDA) trigger level for ABN AMRO Bank N.V. is 9.0% CET1 capital, to be increased by any Additional Tier 1 (AT1) or Tier 2 capital shortfall. At 30 June 2017, the AT1 shortfall was 0.6%, implying an MDA trigger level of 9.6%. Based on full phase-in of the SRB (from 1.5% in 2017 to 3.0% in 2019) and the capital conservation buffer (from 1.25% in 2017 to 2.5% in 2019), the fully-loaded MDA trigger level is expected to increase to 11.75% in 2019, assuming there is no AT1 or Tier 2 capital shortfall.

ABN AMRO expects its future CET1 capital target to reach 13.5%, which is at the upper end of the current 11.5-13.5% CET1 target range. This expectation is based on the SREP requirement, the fully-loaded SRB and capital conservation buffer, Pillar 2 capital guidance and the management buffer. It excludes possible implications and consequences of revisions to the calculation of risk-weighted assets (Basel IV). Given this uncertainty, ABN AMRO continues to hold a buffer above the current CET1 target range. We still expect an agreement on Basel IV; however, if no agreement is reached this year, we will present an updated view on our capital position in the first quarter of 2018.

Early 2017, ABN AMRO announced its intention to call two disqualified Tier 2 instruments in full on their prevailing call dates later this year.

Dividend

The targeted dividend payout ratio over the full year of 2017 is 50% of the reported net profit after deduction of AT1 coupon payments. The interim dividend for H1 2017 has been set at EUR 0.65 per share. This is equal to EUR 611 million.

Regulatory capital structure

(in millions)		30 June 2017		31 March 2017		31 December 2016
Total equity (EU IFRS)		**19,861**		**19,404**		**18,937**
Cash flow hedge reserve		901		894		843
Dividend reserve		-770		-714		-414
AT1 capital securities	-1,004		-993		-1,004	
Profit attributable to holders of AT1 capital securities	-11		-22		-31	
Paid interest on AT1 capital securities	22		22		41	
AT1 capital securities		-993		-993		-993
Other regulatory adjustments		-647		-577		-598
Common Equity Tier 1		**18,352**		**18,013**		**17,775**
AT1 capital securities		993		993		993
Other regulatory adjustments		-87		-85		-164
Tier 1 capital		**19,257**		**18,922**		**18,605**
Subordinated liabilities Tier 2		8,064		8,380		7,150
Other regulatory adjustments		-108		-31		-118
Total regulatory capital		**27,213**		**27,271**		**25,637**
Total risk-weighted assets (risk exposure amount)		**103,970**		**106,744**		**104,215**
Common Equity Tier 1 ratio		17.7%		16.9%		17.1%
Tier 1 ratio		18.5%		17.7%		17.9%
Total capital ratio		26.2%		25.5%		24.6%
Common Equity Tier 1 capital (fully-loaded)		18,328		17,992		17,761
Common Equity Tier 1 ratio (fully-loaded)		17.6%		16.9%		17.0%
Tier 1 capital (fully-loaded)		19,316		18,980		18,749
Tier 1 ratio (fully-loaded)		18.6%		17.8%		18.0%
Total capital (fully-loaded)		25,761		25,692		24,107
Total capital ratio (fully-loaded)		24.8%		24.1%		23.1%

Leverage ratio

The CRR introduced a non-risk based leverage ratio which will be monitored until 2017 and further refined and calibrated before becoming a binding measure with effect from 2018. ABN AMRO aims for a leverage ratio of at least 4% by year-end 2018, to be achieved through profit retention, issuance of AT1 instruments and management of the exposure measure.

At 30 June 2017, the fully-loaded leverage ratio was 3.9% (30 March 2017: 3.7%). The leverage ratio increased by 0.2 percentage points due to a combination of a lower exposure measure amount following the development of the balance sheet and a higher Tier 1 capital base.

On 6 April 2016, the Basel Committee issued a consultative document on the revision of the Basel III leverage ratio framework. The areas subject to proposed revision include a change in calculation of the derivative exposure and the credit conversion factors for off-balance sheet items. The revised calculation method of derivative exposure is also mentioned in a draft CRR regulation published in November 2016, which could result in a decrease of the exposure measure for clearing guarantees. This decrease would amount to approximately EUR 45-55 billion, or a 40-50bps increase in the fully-loaded leverage ratio. The proposed adjustment of credit conversion factors for off-balance sheet exposures by the Basel Committee, for example unconditionally cancellable commitments, would partly offset this potential increase.

Leverage ratio

(in millions)	30 June 2017 Phase-in	30 June 2017 Fully-loaded	31 March 2017 Fully-loaded	31 December 2016 Fully-loaded
Tier 1 capital	**19,257**	**19,316**	**18,980**	**18,749**
Exposure measure (under CDR)				
On-balance sheet exposures	403,819	403,819	417,798	394,482
Off-balance sheet exposures	31,516	31,516	32,033	32,420
On-balance sheet netting	13,968	13,968	13,990	13,539
Derivative exposures	52,439	52,439	59,059	50,248
Securities financing exposures	2,615	2,615	3,008	2,686
Other regulatory measures	-12,294	-12,264	-12,885	-13,269
Exposure measure	**492,064**	**492,093**	**513,003**	**480,106**
Leverage ratio (CDR)	**3.9%**	**3.9%**	**3.7%**	**3.9%**

MREL

ABN AMRO monitors pending regulatory requirements in relation to MREL and aims for its MREL eligible liabilities to represent at least 8% of total assets by year-end 2018 (through profit retention, subordinated debt and potentially non-preferred senior debt). The final MREL terms, as well as bank-specific MREL requirements, determine what precise measures need to be undertaken to comply with these requirements. At 30 June 2017, the MREL eligible liabilities (solely based on own funds and other subordinated liabilities) represented 7.6% of total assets. The MREL ratio has increased slightly since 31 March 2017, primarily as a result of a decline in total assets.

Proposals have been published to amend current legislation. Amongst others, these proposals aim to implement TLAC standards for GSIBs (Global Systemically Important Banks) in the EU. The proposals apply a harmonised minimum TLAC level to EU GSIBs while introducing a firm-specific MREL regime for GSIBs and DSIBs (Domestic Systemically Important Banks). Furthermore, the proposals introduce consequences of breaching MREL requirements relating to the CBR (Combined Buffer Requirement) and MDA (Maximum Distributable Amount) breach. A revision proposes the facilitation of the issuance of a new liability class of "non-preferred senior" by requiring member states to introduce such layer in their local insolvency laws. Further amendments include changes to the calculation of MREL and MREL eligibility criteria, which could affect the level of future MREL requirements as well as the level of reported MREL capacity.

MREL

(in millions)	30 June 2017	31 March 2017	31 December 2016
Regulatory capital	27,213	27,271	25,637
Other MREL eligible liabilities[1]	3,397	3,436	3,376
Total assets	403,819	417,798	394,482
MREL[2]	7.6%	7.3%	7.4%

1 Other MREL eligible liabilities consists of subordinated liabilities that are not included in regulatory capital.
2 MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilites divided by total IFRS assets.

Regulatory capital developments

CRD IV and CRR constitute the framework for implementation of Basel III in the European Union. CRD IV and CRR have been phased in since 1 January 2014 and will be fully effective by January 2019. In November 2016, the European Commission issued draft proposals to amend CRD IV and CRR.

Under what is commonly referred to as Basel IV, the Basel Committee on Banking Supervision proposes to revise the use of the Standardised Approach, the advanced/IRB approach and the design of a capital floor framework based on this revised Standardised Approach. The aim of the revised capital floor framework is to enhance the reliability and comparability of risk-weighted capital ratios. Revision of the Standardised Approach for mortgage loans, corporate loans and specialised lending in combination with revision of the capital floors could lead to a significant increase in risk-weighted assets for ABN AMRO.

Regulatory developments, such as the Basel proposal (especially with respect to risk-weighting of mortgages, corporate loans and specialised lending) and increasingly strict capital requirements set by the regulators, could have a significant impact on the bank's capital position going forward. ABN AMRO will continue to further strengthen its capital position and focus on capital efficiency.

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act, the members of the Executive 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;
- The Interim Report, for the six-month period ending on 30 June 2017, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of ABN AMRO Group N.V. and the companies included in the consolidation.

Amsterdam, 8 August 2017

The Executive Board

Kees van Dijkhuizen, Chief Executive Officer
Johan van Hall, Vice-Chairman
Wietze Reehoorn, Chief Risk Officer

Condensed consolidated Interim Financial Statements 2017

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

Condensed consolidated income statement

(in millions)	Note	First half 2017	First half 2016
Income			
Interest income		6,316	6,371
Interest expense		3,121	3,253
Net interest income		**3,195**	**3,118**
Fee and commission income		1,554	1,540
Fee and commission expense		701	674
Net fee and commission income		**852**	**866**
Net trading income		154	-343
Share of result in equity accounted investments		13	26
Other operating income		523	145
Operating income	4	**4,738**	**3,811**
Expenses			
Personnel expenses		1,288	1,234
General and administrative expenses		1,335	1,258
Depreciation and amortisation of tangible and intangible assets		97	86
Operating expenses	5	**2,720**	**2,579**
Impairment charges on loans and other receivables		-33	56
Total expenses		**2,687**	**2,635**
Operating profit/(loss) before taxation		**2,051**	**1,176**
Income tax expense	6	475	310
Profit/(loss) for the period		**1,576**	**866**
Attributable to:			
Owners of the company		1,539	843
Holders of AT1 capital securities		22	22
Other non-controlling interests		15	1
Earnings per share (in euros)			
Basic earnings per ordinary share[1]		1.64	0.90

[1] Earnings per share consist of profit for the period excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

Condensed consolidated statement of comprehensive income

(in millions)	First half 2017	First half 2016
Profit/(loss) for the period	**1,576**	**866**
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement gains / (losses) on defined benefit plans		-11
Items that will not be reclassified to the income statement before taxation		**-11**
Income tax relating to items that will not be reclassified to the income statement		-3
Items that will not be reclassified to the income statement after taxation		**-8**
Items that may be reclassified to the income statement		
Unrealised gains/(losses) currency translation	-124	-25
Unrealised gains/(losses) available-for-sale	-45	110
Unrealised gains/(losses) cash flow hedge	-78	-122
Share of other comprehensive income of associates	1	-7
Other changes		
Other comprehensive income for the period before taxation	**-246**	**-44**
Income tax relating to items that may be reclassified to the income statement	-32	-4
Other comprehensive income for the period after taxation	**-214**	**-40**
Total comprehensive income/(expense) for the period after taxation	**1,362**	**818**
Attributable to:		
Owners of the company	1,325	795
Holders of AT1 capital securities	22	22
Other non-controlling interests	15	1

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2017	31 December 2016
Assets			
Cash and balances at central banks		26,648	21,861
Financial assets held for trading	7	4,658	1,607
Derivatives	8	11,803	14,384
Financial investments	9	42,292	45,497
Securities financing	10	28,958	17,589
Loans and receivables - banks	12	8,868	13,485
Residential mortgages	13	153,300	152,069
Consumer loans	13	11,932	12,106
Corporate loans	13	99,126	96,058
Other loans and receivables - customers	13	7,702	7,445
Equity accounted investments		669	765
Property and equipment		1,477	1,418
Goodwill and other intangible assets		234	251
Assets held for sale		33	3,481
Tax assets		684	415
Other assets		5,435	6,050
Total assets		**403,819**	**394,482**
Liabilities			
Financial liabilities held for trading	7	2,315	791
Derivatives	8	10,808	14,526
Securities financing	10	21,786	11,625
Due to banks	15	18,056	13,419
Demand deposits	16	122,677	119,848
Saving deposits	16	97,922	92,740
Time deposits	16	14,984	16,169
Issued debt	17	75,461	81,278
Subordinated liabilities	17	11,975	11,171
Provisions	18	1,609	1,672
Liabilities held for sale			5,667
Tax liabilities		62	134
Other liabilities		6,303	6,503
Total liabilities		**383,958**	**375,544**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		5,152	4,027
Accumulated other comprehensive income		-223	-9
Equity attributable to owners of the parent company		**18,839**	**17,928**
AT1 capital securities		1,004	1,004
Equity attributable to other non-controlling interests		17	5
Total equity		**19,861**	**18,937**
Total liabilities and equity		**403,819**	**394,482**
Committed credit facilities	19	28,954	27,299
Guarantees and other commitments	19	14,573	15,873

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to shareholders	Total	AT1 capital securities	Other non-controlling interests	Total equity
Balance at 1 January 2016	**940**	**12,970**	**1,140**	**-394**	**1,908**	**16,564**	**1,004**	**17**	**17,584**
Total comprehensive income				-48	843	795	22	1	818
Transfer			1,908		-1,908				
Dividend			-414			-414		-12	-426
Paid interest on AT1 capital securities							-22		-22
Other changes in equity			5			5			5
Balance at 30 June 2016	**940**	**12,970**	**2,639**	**-442**	**843**	**16,951**	**1,004**	**5**	**17,960**
Balance at 1 January 2017	**940**	**12,970**	**2,263**	**-9**	**1,763**	**17,928**	**1,004**	**5**	**18,937**
Total comprehensive income				-214	1,539	1,325	22	15	1,362
Transfer			1,763		-1,763				
Dividend			-414			-414		-3	-417
Paid interest on AT1 capital securities							-22		-22
Other changes in equity									
Balance at 30 June 2017	**940**	**12,970**	**3,613**	**-223**	**1,539**	**18,839**	**1,004**	**17**	**19,861**

AT1 capital securities of EUR 1,004 million consists of EUR 1000 million nominal amount, EUR 7 million discount and EUR 11 million profit attributable to AT1 capital securities holders.

In Q2 2017 it was decided to present separately the profit attributable to shareholders, the profit attributable to AT1 capital securities holders and the profit attributable to other non-controlling interests. The opening balance has been adjusted accordingly. At reporting date there is no obligation to pay the profit attributable to AT1 capital securities holders.

Specification of other comprehensive income is as follows:

(in millions)	Remeasurement gains / (losses) on post-retirement benefit plans	Currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share of OCI of associates and joint ventures	Total
Balance at 1 January 2016	**-41**	**137**	**473**	**-1,056**	**93**	**-394**
Net gains/(losses) arising during the period	-11	-25	229	-106	-7	80
Less: Net realised gains/(losses) included in income statement			119	16		134
Net gains/(losses) in equity	-11	-25	110	-122	-7	-55
Related income tax	-3		27	-30		-7
Balance at 30 June 2016	**-49**	**112**	**556**	**-1,148**	**86**	**-442**
Balance at 1 January 2017	**-13**	**166**	**557**	**-843**	**124**	**-9**
Net gains/(losses) arising during the period		-124	-38	-183	1	-344
Less: Net realised gains/(losses) included in income statement			8	-105		-98
Net gains/(losses) in equity		**-124**	**-45**	**-78**	**1**	**-246**
Related income tax		1	-13	-19		-32
Balance at 30 June 2017	**-13**	**41**	**525**	**-901**	**124**	**-223**

Total comprehensive income amounted to EUR 1,362 million (2016 first half year: EUR 818 million).

The total amount contains EUR 1,539 million realised profit (2016 first half year: EUR 843 million), EUR 214 unrealised losses as other comprehensive income (2016 first half year: EUR 48 million unrealised losses), EUR 22 million attributable to holders of AT1 capital securities (2016 first half year: EUR 22 million) and EUR 15 million on non-controlling interests (2016 first half year: EUR 1 million).

Transfer includes the allocation of the profit/loss of the prior period to the other reserves.

A final dividend of EUR 414 million was paid out to ordinary shareholders in the first half year of 2017 bringing the total dividend over 2016 to EUR 790 million (2016 first half year: EUR 414 million).

Condensed consolidated statement of cash flows

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

(in millions)	First half 2017	First half 2016
Profit/(loss) for the period	**1,576**	**866**
Adjustments on non-cash items included in profit:		
(Un)realised gains/(losses)	-367	120
Share of profits in associates and joint ventures	-11	-28
Depreciation, amortisation and accretion	206	186
Provisions and impairment losses	116	494
Income tax expense	475	310
Operating activities:		
Assets held for trading	-3,051	-2,754
Derivatives - assets	2,514	-4,208
Securities financing - assets	-12,403	-14,564
Loans and receivables - banks	3,525	-1,949
Residential mortgages	-1,190	-1,544
Consumer loans	-1,266	334
Corporate loans	-5,954	4,847
Other loans and receivables - customers	-530	-2,357
Other assets	587	-421
Liabilities held for trading	1,525	1,531
Derivatives - liabilities	-3,711	4,606
Securities financing - liabilities	10,915	11,845
Due to banks	4,687	-2,391
Demand deposits	5,678	-6,047
Saving deposits	5,529	2,555
Time deposits	703	934
Other due to customers		-3
Liabilities arising from insurance and investment contracts	-133	-214
Net changes in all other operational assets and liabilities	-3,155	-776
Dividend received from associates	63	63
Income tax paid	-814	-1,260
Cash flow from operating activities	**5,513**	**-9,826**

continued >

(in millions)	First half 2017	First half 2016
Investing activities:		
Purchases of financial investments	-7,861	-12,907
Proceeds from sales and redemptions of financial investments	9,975	8,576
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures		-17
Divestments of subsidiaries (net of cash sold), associates and joint ventures	84	31
Proceeds from sale of private banking activities in Asia and the Middle East	-1,188	
Purchases of property and equipment	-221	-168
Sales of plant and equipment under operational lease		
Proceeds from sales of property and equipment	25	40
Purchases of intangible assets	-8	-13
Cash flow from investing activities	**806**	**-4,459**
Financing activities:		
Proceeds from the issuance of debt	16,368	14,451
Repayment of issued debt	-19,706	-14,863
Proceeds from subordinated liabilities issued	1,402	2,618
Repayment of subordinated liabilities issued	-83	-1,342
Dividends paid to the owners of the parent company	-414	-414
Interests paid AT1 capital securities	22	22
Dividends paid to other non-controlling interests	-3	-12
Cash flow from financing activities	**-2,415**	**460**
Net increase/(decrease) of cash and cash equivalents	3,904	-13,825
Cash and cash equivalents as at 1 January	24,954	30,551
Effect of exchange rate differences on cash and cash equivalents	-71	-35
Cash and cash equivalents as at 30 June	**28,788**	**16,692**
Supplementary disclosure of operating cash flow information		
Interest paid	3,754	4,060
Interest received	6,514	6,589
Dividend received excluding associates	27	5

(in millions)	30 June 2017	30 June 2016
Cash and balances at central banks	26,648	12,773
Loans and receivables banks (less than 3 months)[1]	2,140	3,918
Total cash and cash equivalents	**28,788**	**16,692**

[1] Loans and receivables banks with an original maturity less than 3 months is included in Loans and receivables banks. See note 12.

Notes to the Condensed consolidated Interim Financial Statements

1 Accounting policies

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

Corporate information

ABN AMRO Group N.V. (referred to as ABN AMRO Group) is the parent company of ABN AMRO Bank N.V. and a related 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 (Chamber of Commerce number 34370515).

As at 30 June 2017, all shares in the capital of ABN AMRO Group are held by two foundations: NLFI and STAK AAG. On that date, NLFI held 63% and STAK AAG held 37% of the shares in the issued capital of ABN AMRO Group. Both foundations have issued depositary receipts for shares in ABN AMRO Group. Only STAK AAG's depositary receipts are issued with the cooperation of ABN AMRO Group and traded on Euronext Amsterdam.

ABN AMRO provides a broad range of financial services to retail, private and corporate banking clients. These activities are conducted primarily in the Netherlands and selectively abroad.

The Condensed Consolidated Interim Financial Statements of ABN AMRO Group for the six months ending on 30 June 2017 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 Executive Board and authorised for issue by the Supervisory Board and Executive Board on 8 August 2017.

Basis of presentation

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

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Group's 2016 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies used in these Condensed Consolidated Interim Financial Statements are consistent with those set out in the notes to the 2016 Consolidated Annual Financial Statements of ABN AMRO Group.

The Condensed Consolidated Interim Financial Statements are presented in euros, which is the reporting currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Changes in accounting policies

During the first half of 2017 no new EU endorsed standards or amendments became effective. In addition, ABN AMRO did not have any other reasons to change its accounting policies.

New standards, amendments and interpretations not yet effective

The following amendments to IFRSs are issued by the IASB and endorsed by the EU, but are not yet effective. The amendments are required to be applied as from 1 January 2018. Note that only the amendments to IFRSs that are relevant for ABN AMRO are discussed.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments was endorsed by the EU in November 2016. This endorsement means that IFRS 9 will apply to ABN AMRO from 1 January 2018 onwards. IFRS 9 will replace the current standard for recognition and measurement of financial instruments (IAS 39). IFRS 9 will have an impact in two areas: classification and measurement of financial instruments and impairment. ABN AMRO has chosen not to apply the IFRS 9 guidance on hedge accounting as this does not cover the majority of the bank's hedging programmes (the so-called macro-hedge). ABN AMRO will apply the principles of IFRS 9 retrospectively from 1 January 2018 onwards. In line with the transitional provisions of the standard, ABN AMRO will not provide comparative figures.

IFRS 9 replaces the 'incurred loss' model with the 'expected credit loss model' which is designed to be more forward-looking. The standard requires a three stage approach to measure expected credit losses:

- Fully performing financial instruments: these financial instruments (including newly recognised loans) do not have significantly increased credit risk and consequently the portion of the lifetime expected loss associated with the lifetime probability of default events occurring in the next 12 months is recognised. Interest revenue is recognised based on the gross carrying amount (excluding the impairment allowances).
- Significantly increased credit risk instruments: these financial instruments have significantly increased credit risk and consequently a lifetime expected loss is recognised. Interest revenue is recognised based on the gross carrying amount (excluding the impairment allowances).
- Defaulted financial instruments: these financial instruments are credit impaired and consequently a lifetime expected loss is recognised. Interest revenue is recognised based on the amortised cost (including the impairment allowances).

ABN AMRO has based the implementation of IFRS 9 on its existing credit risk management processes and procedures as described in the Credit risk management chapter of the 2016 Annual Report. ABN AMRO has therefore chosen to apply the same default definition for IFRS 9 purposes as it currently uses for credit risk management purposes. A default is considered to have occurred when:

- The counterparty is overdue more than 90 days, or;
- The bank considers the obligor to be unlikely to meet its contractual obligations.

Furthermore, the bank made decisions in determining when credit risk of financial assets has increased significantly. The key quantitative metric to establish whether a financial asset has significantly increased credit risk is the deterioration of the lifetime probability of default. The lifetime probability of default is the likelihood that a counterparty will default during the lifetime of the financial instrument. The lifetime probability of default depends on credit risk drivers like type of product, characteristics of the financial instruments, the borrower, the geographical region as well as future developments of the economy.

ABN AMRO has also chosen qualitative triggers based on the credit risk life cycle to identify financial assets with significant increased credit risk. A financial instrument that is forborne or is assigned a watch status is deemed to have significant increased credit risk. Furthermore, in general, the bank will apply the backstop of 30 days past due as an automatic trigger of significantly increased credit risk. ABN AMRO starts counting days past due from the first day that a counterparty is past due on any financial obligation, regardless of the amount. ABN AMRO recognises favourable changes in credit risk consistently with unfavourable changes in credit risk except when a financial instrument is forborne. In such case, a credit improvement period of usually 1 year applies before a client can transfer back to fully performing.

ABN AMRO is going to report a 12-months expected loss for financial instruments that do not have significantly increased credit risk, and a lifetime expected loss for financial instruments that have significantly increased credit risk from 1 January 2018 onwards. ABN AMRO makes a distinction between two types of calculation methods for impairment losses:

- Collective impairment losses for non-defaulted financial instruments and for defaulted individual, insignificant exposures: assets with similar credit risk characteristics are clustered in portfolios. The assets in the portfolios are collectively assessed for impairment losses;
- Specific impairment losses for defaulted individual, significant exposures: if significant doubts arise regarding a client's ability to meet its contractual obligations, management of the relationship is transferred to the Financial Restructuring & Recovery department. The amount of the specific impairment loss is based on the discounted value of the expected future cash flows.

With the introduction of IFRS 9, ABN AMRO ceases to report Incurred but not identified (IBNI) impairment losses.

ABN AMRO uses specific IFRS 9 expected loss models to measure the credit risk of individual exposures and portfolios. These models quantify the Probability of Loss (PL), Loss Given Loss (LGL) and Exposure at Loss (EAL) for the financial instrument. In addition, the lifetime Probability of Default (PD) is calculated in order to determine if a counterparty experienced a significant increase in credit risk. The models are based on statistical and expert information and use quantitative as well as qualitative risk drivers. Using input values for the risk drivers, the model calculates lifetime PDs, PLs, LGLs and EALs. EAL is established on a monthly basis using actual limits and outstanding exposure data. Lifetime PD and LGL are determined at least annually.

Probability of Loss

The probability of loss is the likelihood that a counterparty will reach the loss status. The loss status is the moment after all necessary procedures have been completed and the amount of the loss has been determined.

Exposure at Loss

The Exposure at Loss model estimates the expected exposure of a counterparty at the time a loss is realised for that counterparty. In the event that all or part of a facility is undrawn (the outstanding exposure is less than the limit) at the time of the calculation, a percentage of this undrawn amount is added to the exposure to reflect the possibility that a larger part of the facility is utilised when the counterparty reaches the loss status.

Loss Given Loss

The Loss Given Loss (LGL) model estimates the economic loss that results from a credit facility in the event that the counterparty reaches the loss status. It is expressed as the ratio of the loss on an exposure to the amount outstanding at this stage. The models use specific facility and counterparty characteristics and collateral pledged to the bank.

Lifetime Probability of Default

A lifetime PD percentage is attached to each financial instrument at origination of the instrument and at each reporting date. At each reporting date, the deterioration of the lifetime PD is calculated. If this deterioration is significant, the financial instrument is identified as showing a significant increase in credit risk.

Every year the various components of the IFRS 9 expected loss model are validated by an independent model validation department and submitted to the Methodology Acceptance Group (MAG) for approval. The IFRS 9 expected loss model is developed alongside the stress testing methodology and incorporates forward-looking information based on the concepts of this methodology. In general, three different scenarios of future economic developments will be incorporated in a probability weighted manner into the IFRS 9 expected loss calculation and risk stage determination. These scenarios are developed by ABN AMRO Group Economics on an annual basis and reviewed at each reporting date. The macro-economic values forecasted by Group Economics and used for the expected loss calculation are chosen by Credit Risk Modelling based on statistical relevance as the credit risk driver and expert judgement of the business. ABN AMRO has aligned its forward-looking scenarios with those used in the budgeting process. Macro-economic values are specifically forecasted for two to three years and subsequently will grow to the long term average. The scenarios used for the calculation of the expected losses will be approved by the Scenario and Stress Testing Committee at each reporting date.

Since the expected loss model is also based on future economic conditions, the state of the economy and the related uncertainty at 1 January 2018 is relevant to the impact of impairment losses on the capital of ABN AMRO. Estimating future economic conditions requires professional judgement, and outcomes are dependent on economic conditions at the implementation date. After the implementation of IFRS 9 on 1 January 2018, any developments in the impairment losses will impact ABN AMRO's profit or loss. Since the expected loss model is driven more by possible future economic developments, it is expected that the impairment losses will be more volatile than under the current accounting standard (IAS 39). This volatility will affect the reported earnings per share.

ABN AMRO has finalised its analysis for classification and measurement. ABN AMRO classifies its financial instruments based on the business model used to manage the instruments and the contractual cash flow characteristics of this financial instrument. Financial instruments will only be measured at amortised cost if two conditions are met. The business model has the objective to collect all contractual cashflows till maturity and the contractual cashflows solely represent payments of principal and interest (SPPI test). Reclassifications of financial instruments due to the implementation of IFRS 9 are limited and mainly result in a transfer of specific assets from amortised cost measurement to fair value through profit or loss measurement. Reclassifications are mainly related to a specific portfolio of corporate loans for which the return is based on the underlying value of commodity prices and which are hedged by means of commodity futures. These loans do not meet the SPPI criterion. Furthermore, specific equity securities are reclassified from measurement at fair value with movements reported in equity to measurement at fair value with movements reported in profit or loss.

IFRS 15 Revenue from contracts with customers

This new standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. It is effective for annual periods beginning on or after 1 January 2018. Based on our initial analysis performed the standard will not have a significant impact.

New standards, amendments and interpretations not yet endorsed

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

IFRS 2 Share-based payment transactions

In June 2016 the IASB issued amendments to IFRS 2 Share-based Payments: Classification and Measurement of Share-based Payment Transactions, which will become effective on 1 January 2018. The issuance consists of three amendments that clarify how to account for certain types of share-based payment transactions. Based on our initial analysis performed the amendments will not have any impact.

IFRS 16 Leases

The new standard on leases was issued by the IASB in January 2016 and will become effective on 1 January 2019. IFRS 16 replaces IAS 17 Leases and removes the distinction between ‘Operational’ and ‘Financial’ lease for lessees. The requirements for lessor accounting remain largely unchanged. ABN AMRO is currently assessing the impact of the new standard.

IAS 12 Income taxes

Recognition of Deferred Tax Assets for Unrealised losses. The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value. Based on our initial analysis performed the amendments will not have any impact.

2 Segment reporting

Internal reporting to the Executive Board changed in the first half of 2017, as per the Board's request. As a consequence, the operating segment Corporate Banking has been split into Commercial Banking and Corporate & Institutional Banking. Comparative information is restated to reflect this change.

Retail Banking

Retail Banking serves individual clients with investable assets up to EUR 500,000 and small businesses with turnover up to EUR 1 million. Retail Banking offers a wide variety of banking and insurance products through an omni-channel distribution network.

Private Banking

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

Commercial Banking

Commercial Banking serves business clients with revenues from EUR 1 million up to EUR 250 million, and clients active in Commercial Real Estate (excluding publicly listed companies, which are served by the Corporate & Institutional Banking segment). ABN AMRO's Lease and Commercial Finance activities are also part of this segment.

Corporate & Institutional Banking

Corporate & Intitutional Banking serves business clients with revenues exceeding EUR 250 million, as well as financial institutions, listed commercial real estate clients and clients in the sectors energy, commodities, transportation and diamond & jewellery. It also provides products and services related to financial markets. This segment includes Clearing as well.

Group Functions

Group Functions supports the business segments and consists of Innovation & Technology (I&T), Finance, Risk Management, Strategy & Sustainability, Transformation & HR, Audit and the Corporate Office. The majority of the Group Functions costs are allocated to the businesses.

Segment income statement of the first six months of 2017

	First half 2017					
(in millions)	Retail Banking	Private Banking	Commercial Banking	Corporate & Institutional Banking	Group Functions	Total
Net interest income	1,739	326	686	464	-21	3,195
Net fee and commission income	207	292	94	283	-24	852
Net trading income	2	19	1	134	-1	154
Share of result in equity accounted investments	9	1	1	2		13
Other operating income	1	253	25	65	178	523
Operating income	**1,957**	**892**	**807**	**948**	**132**	**4,738**
Expenses						
Personnel expenses	230	266	149	213	431	1,288
General and administrative expenses	256	158	62	176	683	1,335
Depreciation and amortisation of tangible and intangible assets	3	19	2	6	66	97
Intersegment revenues/expenses	561	132	220	202	-1,114	
Operating expenses	**1,050**	**575**	**433**	**597**	**65**	**2,720**
Impairment charges on loans and other receivables	-59	-4	-115	144		-33
Total expenses	**991**	**571**	**319**	**741**	**65**	**2,687**
Operating profit/(loss) before taxation	**967**	**321**	**489**	**207**	**67**	**2,051**
Income tax expense	242	34	121	41	37	475
Profit/(loss) for the period	**725**	**288**	**367**	**166**	**30**	**1,576**
Attributable to:						
Owners of the company	725	288	367	151	9	1,539
Holders of AT1 capital securities					22	22
Other non-controlling interests				15		15

Segment income statement of the first six months of 2016

	First half 2016					
(in millions)	Retail Banking	Private Banking	Commercial Banking	Corporate & Institutional Banking	Group Functions	Total
Income						
Net interest income	1,685	318	662	432	22	3,118
Net fee and commission income	225	287	101	280	-27	866
Net trading income	2	21	1	-330	-37	-343
Share of result in equity accounted investments	20	8	-2	-3	3	26
Other operating income	97	27	36	-12	-3	145
Operating income	**2,029**	**660**	**798**	**366**	**-41**	**3,811**
Expenses						
Personnel expenses	242	249	137	187	419	1,234
General and administrative expenses	229	130	53	114	733	1,258
Depreciation and amortisation of tangible and intangible assets	3	11	2	7	63	86
Intersegment revenues/expenses	613	137	231	212	-1,193	
Operating expenses	**1,088**	**527**	**422**	**520**	**22**	**2,579**
Impairment charges on loans and other receivables	48	12	-123	124	-6	56
Total expenses	**1,135**	**539**	**299**	**645**	**16**	**2,635**
Operating profit/(loss) before taxation	**894**	**120**	**498**	**-279**	**-58**	**1,176**
Income tax expense	220	24	124	-70	12	310
Profit/(loss) for the period	**674**	**96**	**374**	**-209**	**-70**	**866**
Attributable to:						
Owners of the company	674	96	374	-210	-92	843
Holders of AT1 capital securities					22	22
Other non-controlling interests				1		1

Retail Banking

Net interest income increased by 3%, totalling EUR 1,739 million for H1 2017. This was mainly due to higher interest income on mortgages. Interest income on residential mortgages improved year-on-year, driven by higher volumes and the repricing of (pre-crisis) low-margin mortgages throughout 2016. The increase in the residential mortgage portfolio was mainly due to high production levels between Q4 2016 and Q2 2017. Mortgage production grew on the back of low interest rates, clients' concern regarding rising rates and favourable economic conditions.

Net fee and commission income declined by EUR 18 million compared with the first half of 2016, mainly due to lower fees being charged for payment packages to individual clients (since April 2016) and small businesses (since January 2017). In addition, fee income declined due to the transfer of client assets to Private Banking.

Other operating income came to EUR 1 million in H1 2017 (H1 2016: EUR 97 million). The decline was predominantly related to a EUR 101 million gain on the sale of Visa Europe to Visa Inc. in H1 2016.

Personnel expenses decreased by EUR 12 million to EUR 230 million. The number of FTEs declined to 5,309 (30 June 2016: 5,601) following a further reduction in the number of branches and a transfer of employees (September 2016) and clients to Private Banking. This was to a limited extent offset by a transfer from Group Functions (per end of April 2017) in order to promote the agile way of working.

General and administrative expenses included regulatory levies of EUR 75 million in H1 2017 (H1 2016: EUR 54 million).

Impairment charges decreased, resulting in a EUR 59 million release in H1 2017 (H2 2016: EUR 48 million charge). The loan impairment releases were due to the continued improvement of the Dutch economy, a model refinement on mortgages and rising housing prices.

Private Banking

Net interest income rose by EUR 8 million, arriving at EUR 326 million for H1 2017. Excluding the divestment (sale of Private Banking Asia and the Middle East), net interest income increased by EUR 15 million. The increase was mainly attributable to lower client rates on saving accounts and higher average deposit volumes.

Net fee and commission income increased by EUR 5 million, totalling EUR 292 million for H1 2017. Excluding the divestment (sale of Private Banking Asia and the Middle East), net fee and commission income increased by EUR 20 million. The increase was attributable to improved stock market sentiment as opposed to uncertainty and volatility in the financial markets in H1 2016. This resulted in higher levels of transaction volumes and an increase in average client assets.

Other operating income grew by EUR 226 million to EUR 253 million in H1 2017. This increase was mainly due to the EUR 255 million in divestment proceeds from the sale of the activities in Asia and the Middle East.

Personnel expenses rose by EUR 17 million related to the divestment of Private Banking Asia and the Middle East (costs included restructuring provisions and retention payments). Personnel expenses in our domestic activities increased following the transfer of employees from Retail Banking (as of September 2016). Both were partly offset by lower business as usual expenses in Private Banking Asia and the Middle East.

General and administrative expenses increased by EUR 28 million, arriving at EUR 158 million in H1 2017. The increase was mainly attributable to EUR 35 million in other expenses related to the PB Asia divestment (wind-down costs). The rise in general and administrative expenses was partly offset by a lower cost base following the sale and lower allocated costs, mainly resulting from cost-saving programmes.

Impairment releases were EUR 4 million in H1 2017 (H1 2016: EUR 12 million charge).

Commercial Banking

Net interest income rose by EUR 24 million coming to EUR 686 million in H1 2017. The increase was mainly driven by the ongoing broad improvement of the Dutch economy. As a result, a higher number of non-performing loans became performing again, which positively impacted net interest income, to a lesser extent supported by improved lending margins and loan growth. Growth in client lending was widely driven, including in asset-based finance and real estate. The low interest environment is still putting pressure on deposit margins. Most client rates are zero, while negative interest rates are charged to a select group of clients.

Net fee and commission income decreased by EUR 7 million to EUR 94 million for H1 2017, partly due to increased competition (lower rates) and an incidental fee expense.

Personnel expenses increased by EUR 12 million, attributable to a higher number of FTEs (compared with H1 2016) and, to a lesser extent, wage inflation. The increase in the number of FTEs was due to a transfer from Group Functions (at the end of April 2017) and for the execution of duty of care projects.

General and administrative expenses increased by EUR 9 million to EUR 62 million for H1 2017, due to an increase in regulatory levies (EUR 7 million).

Impairment charges amounted to a release of EUR 115 million for H1 2017 (H1 2016: release EUR 123 million). High impairment releases were the result of the ongoing improvement of the Dutch economy and an SME model refinement. Both quarters included an IBNI release (EUR 6 million in H1 2017 versus EUR 109 million in H1 2016).

Corporate & Institutional Banking

Net interest income was EUR 464 million in H1 2017 (H1 2016: EUR 432 million), largely recorded within ECT Clients on the back of increased client lending. Deposit margins improved modestly, mainly on USD deposits. Moreover, a larger number of professional clients are being charged negative interest rates on deposits.

Net fee and commission income amounted to EUR 283 million in H1 2017, nearly flat compared with H1 2016.

Other operating income increased by EUR 77 million to EUR 65 million in H1 2017. This was due to higher Equity Participations results.

Personnel expenses increased by EUR 26 million, mainly due to an increase in FTEs (to support the bank's growth ambitions both in the Netherlands and abroad), wage inflation and higher pension costs.

General and administrative expenses amounted to EUR 176 million, up by EUR 62 million compared with H1 2016. This was attributable to a EUR 54 million addition to a provision for project costs for SME derivatives-related issues.

Impairment charges amounted to EUR 144 million in H1 2017 (H1 2016: EUR 124 million).

Introduction
Business
Risk, funding & capital information
Interim Financial Statements 2017
Other

Group Functions

Net interest income went down by EUR 43 million. The decline was partly driven by higher liquidity buffer costs.

Other operating income was EUR 178 million in H1 2017 (H1 2016: EUR 3 million loss). The rise in other operating income was mainly driven by hedge accounting-related results and a provision related to the securities financing activities discontinued in 2009 recorded in H1 2016. This was partly offset by a profit from the sale of Visa Europe to Visa Inc. in H1 2016 (EUR 14 million).

Personnel expenses increased by EUR 12 million. The rise was mainly driven by an addition to the restructuring provision that was initially recorded in H2 2016.

General and administrative expenses decreased by EUR 50 million due to savings realised from cost-saving programmes and cost control.

Selected assets and liabilities by segment

						30 June 2017
(in millions)	Retail Banking	Private Banking	Commercial Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				4,658		4,658
Derivatives		29		10,446	1,328	11,803
Securities financing		15		6,249	22,694	28,958
Residential mortgages	147,948	2,917	7		2,428	153,300
Consumer loans	7,344	3,910	676	1		11,932
Corporate loans	2,507	5,397	37,786	49,304	4,133	99,126
Other loans and receivables - customers	3		283	7,121	293	7,702
Other	1,671	8,304	1,699	6,066	68,600	86,341
Total assets	**159,473**	**20,573**	**40,451**	**83,845**	**99,477**	**403,819**
Liabilities						
Financial liabilities held for trading				2,315		2,315
Derivatives		16		8,719	2,072	10,808
Securities financing		55		2,443	19,289	21,786
Demand deposits	26,791	40,137	31,155	24,165	429	122,677
Saving deposits	73,828	20,709	3,377	8		97,922
Time deposits	2,786	4,605	258	4,595	2,741	14,984
Other due to customers						
Other	56,069	-44,949	5,661	41,600	55,085	113,466
Total liabilities	**159,473**	**20,573**	**40,451**	**83,845**	**79,616**	**383,958**

(in millions)	Retail Banking	Private Banking	Commercial Banking	Corporate & Institutional Banking	Group Functions	Total
						31 December 2016
Assets						
Financial assets held for trading				1,607		1,607
Derivatives		54		12,038	2,293	14,384
Securities financing		14		4,634	12,941	17,589
Residential mortgages	146,065	2,924	8		3,073	152,069
Consumer loans	7,684	3,752	670			12,106
Corporate loans	2,518	5,449	36,297	47,361	4,433	96,058
Other loans and receivables - customers			305	6,853	288	7,445
Other	2,313	12,426	1,735	8,374	68,375	93,223
Total assets	**158,580**	**24,618**	**39,014**	**80,866**	**91,403**	**394,482**
Liabilities						
Financial liabilities held for trading				791		791
Derivatives		30		10,087	4,409	14,526
Securities financing		3		1,101	10,522	11,625
Demand deposits	25,514	39,490	31,431	23,009	404	119,848
Saving deposits	72,019	17,345	3,363	13		92,740
Time deposits	5,217	4,990	145	4,414	1,404	16,169
Other due to customers						
Other	55,831	-37,240	4,075	41,452	55,727	119,845
Total liabilities	**158,580**	**24,618**	**39,014**	**80,866**	**72,466**	**375,544**

Total assets increased by EUR 9.3 billion to EUR 403.8 billion at 30 June 2017. The increase in securities financing and cash and balances at central banks was partly offset by a decrease in financial investments.

Total liabilities increased by EUR 8.4 billion to EUR 384.0 billion at 30 June 2017. This was due mainly to higher securities financing and due to customers.

3 Overview of financial assets and liabilities by measurement base

					30 June 2017
(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
Financial assets					
Cash and balances at central banks	26,648				26,648
Financial assets held for trading		4,658			4,658
Derivatives		10,638	1,165		11,803
Financial investments			723	41,569	42,292
Securities financing	28,958				28,958
Loans and receivables - Banks	8,868				8,868
Loans and receivables - Customers	272,059				272,059
Other assets			2,674		2,674
Total financial assets	**336,533**	**15,296**	**4,562**	**41,569**	**397,960**
Financial Liabilities					
Financial liabilities held for trading		2,315			2,315
Derivatives		9,057	1,751		10,808
Securities financing	21,786				21,786
Due to banks	18,056				18,056
Due to customers	235,584				235,584
Issued debt	73,933		1,528		75,461
Subordinated liabilities	11,975				11,975
Other liabilities			2,674		2,674
Total financial liabilities	**361,334**	**11,372**	**5,953**		**378,659**

					31 December 2016
(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Available for sale financial assets	Total
Financial assets					
Cash and balances at central banks	21,861				21,861
Financial assets held for trading		1,607			1,607
Derivatives		12,211	2,173		14,384
Financial investments			778	44,719	45,497
Securities financing	17,589				17,589
Loans and receivables - Banks	13,485				13,485
Loans and receivables - Customers	267,679				267,679
Other assets			3,275		3,275
Total financial assets	**320,614**	**13,818**	**6,226**	**44,719**	**385,377**
Financial Liabilities					
Financial liabilities held for trading		791			791
Derivatives		10,401	4,126		14,526
Securities financing	11,625				11,625
Due to banks	13,419				13,419
Due to customers	228,758				228,758
Issued debt	79,639		1,639		81,278
Subordinated liabilities	11,171				11,171
Other liabilities			3,275		3,275
Total financial liabilities	**344,613**	**11,191**	**9,040**		**364,844**

4 Operating income

(in millions)	First half 2017	First half 2016
Net interest income	3,195	3,118
Net fee and commission income	852	866
Net trading income	154	-343
Share of result in equity accounted investments	13	26
Other income	523	145
Total operating income	**4,738**	**3,811**

Operating income in the first six months of 2017

Total operating income increased by EUR 927 million to EUR 4,738 million compared with EUR 3,811 million during H1 2016.

Net interest income increased by EUR 77 million to EUR 3,195 million in H1 2017 compared with EUR 3,118 million during the same period in 2016. The increase was predominantly driven by volume growth in corporate loans and residential mortgages.

Net fee and commission income decreased by 14 million to EUR 852 million in H1 2017 compared with EUR 866 million in H1 2016. The decline was mainly driven by the fact that Private Banking Asia and the Middle East only made one month's contribution. The decrease was further offset by higher Asset under Management fees, mainly in Germany and France, chiefly as a result of improved stock market sentiment.

Net trading income amounted to EUR 154 million in H1 2017 and was EUR 497 million higher compared with H1 2016. This was due to an addition to a one-off provision in Corporate & Institutional Banking of EUR 15 million in H1 2017, compared to additions to the provision of EUR 366 million in H1 2016. Moreover, the increase was related to the effect of CVA/DVA/FVA results, which amounted to EUR 43 million (losses in 2016: EUR 47 million). Lastly, in 2016 a provision was included related to the securities financing activities discontinued in 2009.

Other income increased by EUR 378 million to EUR 523 million in H1 2017 compared with EUR 145 million in the same period of 2016. This increase was due mainly to the sale of Private Banking Asia and the Middle East (EUR 255 million). Hedge accounting related-results were higher in H1 2017, as were Equity participations results.

5 Operating expenses

(in millions)	First half 2017	First half 2016
Personnel expenses	1,288	1,234
General and administrative expenses	1,335	1,258
Depreciation and amortisation of tangible and intangible assets	97	86
Total operating expenses	**2,720**	**2,579**

Operating expenses in the first six months of 2017

Total operating expenses increased by EUR 141 million to EUR 2,720 million in H1 2017 compared with EUR 2,579 million in the same period of 2016, driven by higher personnel expenses (EUR 54 million) and general and administrative expenses (EUR 77 million).

Personnel expenses amounted to EUR 1,288 million for H1 2017, an increase of EUR 54 million compared with H1 2016. For more details, please see Personnel expenses.

General and administrative expenses increased by EUR 77 million in H1 2017 compared with H1 2016. This was related to an increase in the provision for project costs for SME derivatives-related issues (EUR 54 million), the Private Banking divestment (EUR 27 million) and higher regulatory levies, partly offset by lower external staffing expenses (EUR 42 million).

Personnel expenses

(in millions)	First half 2017	First half 2016
Salaries and wages	851	853
Social security charges	120	123
Pension expenses relating to defined benefit plans	2	3
Defined contribution plan expenses	188	172
Other	127	83
Total personnel expenses	**1,288**	**1,234**

Personnel expenses in the first six months of 2017

Personnel expenses increased by EUR 54 million to EUR 1,288 million in H1 2017. H1 2017 included a EUR 25 million restructuring provision, EUR 21 million related to the Private Banking divestment and EUR 12 million in severance payments. Lower FTE levels were partly offset by wage inflation and higher pension costs.

Personnel expenses include costs for a variable compensation plan for Identified Staff. This plan is not an employee share-based payment plan as defined in IFRS 2 Share Based Payment. As a result of the introduction of ABN AMRO depositary receipts on the Amsterdam stock exchange, ABN AMRO is in the process of changing the variable compensation plan into a plan that may qualify as a share-based payment plan.

6 Income tax expense

(in millions)	First half 2017	First half 2016
Income tax expense	475	310

Income tax expense amounted to EUR 475 million in H1 2017, EUR 165 million higher than in the same period of 2016. This was mainly the result of a higher operating profit. The sale of Private Banking Asia and the Middle East, resulting in a book gain of EUR 200 million, was tax exempt.

7 Financial assets and liabilities held for trading

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

Financial assets held for trading

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

(in millions)	30 June 2017	31 December 2016
Trading securities:		
Government bonds	2,850	1,152
Corporate debt securities	1,665	400
Equity securities	126	35
Total trading securities	**4,642**	**1,586**
Trading book loans	16	21
Total assets held for trading	**4,658**	**1,607**

Financial assets held for trading increased by EUR 3.1 billion to EUR 4.7 billion at 30 June 2017. This increase was a combination of higher government bonds (EUR 1.7 billion) and higher corporate debt securities (EUR 1.3 billion).

The increase in government bonds was mainly related to the European Stability Mechanism and French, German and Dutch bond positions. These portfolios are mainly a result of the primary dealership in these countries and for the purpose of client facilitation. Most of these contracts are hedged with short positions in corporate debt securities, government bonds and futures. The increase in corporate debt securities was mainly related to German and French positions.

Financial liabilities held for trading

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

(in millions)	30 June 2017	31 December 2016
Bonds	2,104	690
Equity securities	47	33
Total short security positions	**2,151**	**723**
Other liabilities held for trading	164	67
Total liabilities held for trading	**2,315**	**791**

Financial liabilities held for trading increased by EUR 1.5 billion to EUR 2.3 billion at 30 June 2017. The increase resulted from higher short positions in bonds, mainly related to Dutch and French government bonds and corporate debt securities.

8 Derivatives

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

Derivatives comprise the following:

	30 June 2017									
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	10		9			2				21
Fair value liabilities	2		3			13				18
Notionals	606		191			1,253				2,050
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	723,288			5,799			147,553			876,640
Other bilateral										
Fair value assets	6,808	3,064	151	117	447	28	1,165			11,782
Fair value liabilities	5,176	3,034	169	58	595	6	1,751			10,789
Notionals	142,398	206,011	1,010	1,635	25,963	1,520	13,971			392,509
Total										
Fair value assets	6,818	3,064	161	117	447	30	1,165			11,803
Fair value liabilities	5,179	3,034	172	58	595	19	1,751			10,808
Notionals	866,292	206,011	1,201	7,434	25,963	2,773	161,524			1,271,198

	31 December 2016									
	Derivatives held for trading			Economic hedges			Hedge accounting			Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	Currency	Other	
Exchange traded										
Fair value assets	2		9			33				44
Fair value liabilities	6		17							22
Notionals	110		258			1,062				1,431
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	695,879			5,436			134,496			835,811
Other bilateral										
Fair value assets	8,967	2,367	131	173	507	23	2,173			14,341
Fair value liabilities	6,883	2,555	96	96	660	88	4,126			14,504
Notionals	157,676	156,402	1,350	2,923	25,936	1,263	29,051			374,601
Total										
Fair value assets	8,969	2,367	140	173	507	56	2,173			14,384
Fair value liabilities	6,889	2,555	113	96	660	88	4,126			14,526
Notionals	853,666	156,402	1,608	8,359	25,936	2,325	163,547			1,211,843

Over-the-counter derivatives cleared with a CCP are not presented in our Statement of financial position.

The notional amount of the interest rate derivatives held for trading at 30 June 2017 amounted to EUR 866.3 billion, an increase of EUR 12.6 billion compared with EUR 853.7 billion at 31 December 2016. This increase was mainly due to higher client activity within Financial Institutions through clearing with central counterparties. At 30 June 2017 the fair value of interest rate derivatives decreased, due mainly to the increase in long-term interest rates compared with year-end 2016.

The notional amount of the currency derivatives held for trading at 30 June 2017 amounted to EUR 206.0 billion, an increase of EUR 49.6 billion compared with EUR 156.4 billion at 31 December 2016. This increase was mainly due to higher client activity caused by increased volatility of the foreign exchange market compared with 2016.

The notional amount of the other derivatives held for trading at 30 June 2017 amounted to EUR 1.2 billion, a decrease of EUR 0.4 billion compared with EUR 1.6 billion at 31 December 2016.

9 Financial investments

Financial investments can be broken down as follows:

(in millions)	30 June 2017	31 December 2016
Financial investments:		
Available-for-sale	41,569	44,719
Held at fair value through profit or loss	723	778
Total financial investments	**42,292**	**45,497**

Financial investments amounted to EUR 42.3 billion at 30 June 2017, a decrease of EUR 3.2 billion compared with EUR 45.5 billion at 31 December 2016. The decrease was mainly caused by sales and redemptions of other OECD and non-OECD government bonds and US Treasury bonds (EUR 2.0 billion), securities issued by financial institutions (EUR 0.5 billion) and a decrease in mortgage-backed securities (EUR 0.6 billion).

Financial investments available-for-sale

The fair value of financial investments available-for-sale including gross unrealised gains and losses is as follows:

(in millions)	30 June 2017	31 December 2016
Interest-earning securities:		
Dutch government	6,629	6,592
US Treasury and US government	2,739	3,497
Other OECD government	19,878	20,987
Non OECD government	750	913
European Union	1,712	1,756
Mortgage- and other asset-backed securities	2,598	3,244
Financial institutions	6,681	7,220
Non-financial institutions	51	59
Subtotal	**41,038**	**44,267**
Equity instruments	551	473
Total investments available-for-sale, gross	**41,589**	**44,740**

10 Securities financing

	30 June 2017		31 December 2016	
(in millions)	Banks	Customers	Banks	Customers
Assets				
Reverse repurchase agreements	4,053	12,197	954	8,725
Securities borrowing transactions	5,286	5,075	3,731	3,252
Unsettled securities transactions	898	1,448	297	632
Total	**10,238**	**18,720**	**4,981**	**12,608**
Liabilities				
Repurchase agreements	1,209	16,193	2,007	6,059
Securities lending transactions	665	1,752	616	1,891
Unsettled securities transactions	706	1,262	44	1,008
Total	**2,579**	**19,207**	**2,667**	**8,958**

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

The movements of securities financing assets and liabilities with banks and customers are a result of the cyclicality of the business.

11 Fair value of financial investments

The internal controls of fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent with those set out in the notes to ABN AMRO's 2016 Consolidated Annual Financial Statements.

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

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value, broken down into the three categories from the fair value hierarchy as described below.

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

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

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

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

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

	30 June 2017				31 December 2016			
(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobserva-ble inputs	Total fair value	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
Assets								
Government debt securities	2,850			2,850	1,152			1,152
Corporate debt securities	1,643	23		1,665	389	11		400
Equity securities	126			126	35			35
Other financial assets held for trading		16		16		21		21
Financial assets held for trading	**4,619**	**39**		**4,658**	**1,576**	**31**		**1,607**
Interest rate derivatives	10	7,876	98	7,983	2	11,064	76	11,141
Foreign exchange contracts		3,053	11	3,064		2,350	17	2,367
Other derivatives	12	742	2	755	42	820	14	876
Derivatives	**21**	**11,671**	**111**	**11,803**	**44**	**14,233**	**107**	**14,384**
Government debt securities								
Equity instruments	56		666	723	45		730	775
Other					2			3
Financial investments designated at fair value through profit or loss	**56**		**666**	**723**	**47**		**731**	**778**
Government debt securities	31,290		419	31,709	33,324		421	33,745
Corporate debt securities	5,775	916	40	6,732	6,013	1,227	38	7,279
Equity instruments	304	62	164	531	218	59	174	451
Other debt securities	2,384		214	2,598	2,519		724	3,244
Financial assets available for sale	**39,754**	**978**	**837**	**41,569**	**42,075**	**1,286**	**1,358**	**44,719**
Unit-linked investments	1,660	1,014		2,674	2,219	1,056		3,275
Total financial assets	**46,110**	**13,702**	**1,614**	**61,427**	**45,961**	**16,606**	**2,196**	**64,763**
Liabilities								
Short positions in Government debt securities	1,438			1,438	390			390
Corporate debt securities	645	22		666	294	6		300
Equity securities	47			47	33			33
Other financial liabilities held for trading		164		164		67		67
Financial liabilities held for trading	**2,130**	**185**		**2,315**	**717**	**73**		**791**
Interest rate derivatives	2	6,927		6,929	6	11,009		11,015
Foreign exchange contracts		3,034		3,034		2,555		2,555
Other derivatives	18	825	2	844	17	926	14	957
Derivatives	**20**	**10,786**	**2**	**10,808**	**22**	**14,490**	**14**	**14,526**
Issued debt		1,313	215	1,528		1,398	241	1,639
Unit-linked for policyholders	1,660	1,014		2,674	2,219	1,056		3,275
Total financial liabilities	**3,810**	**13,299**	**216**	**17,325**	**2,959**	**17,017**	**255**	**20,231**

Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into level 3

There were no material transfers between levels 1 and 2 into level 3.

Movements in level 3 financial instruments measured at fair value

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

				Assets		Liabilities
(in millions)	Financial investments available for sale	Financial investments designated at fair value through profit or loss	Derivatives held for trading	Derivatives not held for trading	Derivatives not held for trading	Issued debt
Balance at 1 January 2016	**1,354**	**577**	**18**	**39**	**39**	
Purchases	2	122				
Sales	-2	-55				
Redemptions	-101	-30				
Gains/(losses) recorded in profit and loss[1]	2	28				
Unrealised gains/(losses)	4	16	2	-25	-25	-4
Transfer between levels			72			245
Other movements[2]	99	74				
Balance at 31 December 2016	**1,358**	**731**	**93**	**14**	**14**	**241**
Purchases	5	25				
Sales	-37	-61				
Redemptions	-483	-3				
Gains/(losses) recorded in profit and loss	-3	-1		-1	-1	
Unrealised gains/(losses)[1]	-2	18	-12	-12	-12	-27
Transfer between levels			28			
Other movements		-42				
Balance at 30 June 2017	**837**	**667**	**109**	**2**	**2**	**215**

[1] Included in other operating income.
[2] In 2016 an amount of EUR 82 million in investments in venture capital was reclassified from Equity accounted associates and Corporate loans to Financial investments.

Level 3 sensitivity information

Equities designated at fair value through profit or loss

Government bonds - Corporate debt securities

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

Other

Debt securities consist of non-listed residential mortgage-backed securities (RMBS). These are structured in such a way that prepayments on the underlying mortgage portfolio are used to repay the holder of the A-note. The fair value is determined using a discounted cash flow model based on inputs such as the interest rate curve, discount spread and prepayment rate. The prepayment rate is identified as a significant unobservable input. The sensitivity analysis is performed by stressing this rate.

Preferred shares are shares for which the dividend is fixed for a period of 10 years, after which the dividend is redetermined and the shares can also be redeemed. The position is valued using a discounted cash flow model for which the relevant inputs are the interest curve, liquidity spread and credit spread. The liquidity spread and credit spread are unobservable inputs and are derived from similar securities. The sensitivity of the preferred shares is determined by using a range of reasonable spreads and by considering the call option that is held by the issuer.

Equity shares - preferred shares

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

Private equity shares are designated at fair value, for which two calculation techniques apply:

- Using comparable pricing in accordance with the European Private Equity and Venture Capitalist Association (EVCA) guidelines. This valuation technique is based on earnings multiples of comparable listed and unlisted companies. The fair value calculation of an investment is strongly linked with movements on the public markets and share markets;
- Net Asset Value (NAV) for fund investments and asset backed investments. This is determined by using audited and unaudited company financial statements and any other information available, public or otherwise. As a consequence, the NAV calculation of an investment is strongly linked with movements in the quarterly performance of the company. No other quantitative information (e.g. future cash flow information) is available and is therefore not included.

Derivatives

Securitisation swaps linked to the RMBS transactions are valued using a discounted cash flow model for which the behaviour of the underlying mortgage portfolio is also relevant. Inputs used to determine fair value are the interest rate curve and prepayment rate. The latter is the significant unobservable input that classifies these instruments as level 3. The sensitivity analysis is performed by stressing the prepayment rate.

Interest rate swaps related to RMBS transactions are valued based on assumptions about the behaviour of the underlying mortgage portfolio and the characteristics of the transaction. Cash flows are forecast and discounted using appropriate forward and discount curves.

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

(in millions)	Valuation technique	Unobservable data	Carrying value	Minimum range	Maximum range	Weighted average	Reasonably possible alternative assumptions: Increase in fair value	Decrease in fair value
30 June 2017								
Equity shares	Private equity-valuation	EBITDA multiples	198	5.0	6.0	5.4	20	-21
Equity shares	Private equity-valuation	Net asset value	632				23	-20
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	419	32	104	51	10	-25
Interest earning securities - other	Discounted cash flow	Prepayment rate	254	5.9%	21.2%	10.4%	1	-12
Derivatives held for trading	Discounted cash flow	Probability of default	109	0.2%	100.0%	60.2%	8	-12
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate		5.9%	21.2%	10.4%		
Issued debt	Discounted cash flow	Credit spread	215	97	130	111	7	-2
31 December 2016								
Equity shares	Private equity-valuation	EBITDA multiples	186	4.0	6.0	5.1	14	-14
Equity shares	Private equity-valuation	Net asset value	719				25	-27
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	421	85	102	95	5	-7
Interest earning securities - other	Discounted cash flow	Prepayment rate	763	7.8%	15.0%	10.4%	3	-5
Derivatives held for trading	Discounted cash flow	Probability of default	93	0.3%	100.0%	71.6%	9	-8
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate		7.8%	15.0%	10.4%		
Issued debt	Discounted cash flow	Credit spread	241	97	130	110	7	-3

Financial assets and liabilities not carried at fair value

The methods and assumptions applied to estimate the fair values of financial instruments not carried at fair value are consistent with those set out in note 21 of the Consolidated Annual Financial Statements 2016.

						30 June 2017
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	26,648		26,648		26,648	
Securities financing	28,958		28,958		28,958	
Loans and receivables - banks	8,868		2,294	6,574	8,868	
Loans and receivables - customers	272,059		7,669	272,874	280,543	8,483
Total	**336,533**		**65,569**	**279,448**	**345,017**	**8,483**
Liabilities						
Securities financing	21,786		21,786		21,786	
Due to banks	18,056		3,549	14,507	18,056	
Due to customers	235,584		360	235,223	235,584	
Issued debt	73,933	35,109	39,770		74,879	-946
Subordinated liabilities	11,975	7,222	5,468		12,690	-716
Total	**361,334**	**42,331**	**70,934**	**249,731**	**362,996**	**-1,661**

						31 December 2016
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	21,861		21,861		21,861	
Securities financing	17,589		17,589		17,589	
Loans and receivables - banks	13,485		4,503	8,982	13,485	
Loans and receivables - customers	267,679		6,645	270,216	276,861	9,182
Total	**320,614**		**50,598**	**279,198**	**329,796**	**9,182**
Liabilities						
Securities financing	11,625		11,625		11,625	
Due to banks	13,419		3,209	10,210	13,419	
Due to customers	228,758		612	228,146	228,758	
Issued debt	79,639	31,615	48,943		80,557	-918
Subordinated liabilities	11,171	5,762	5,998		11,759	-588
Total	**344,613**	**37,377**	**70,387**	**238,356**	**346,119**	**-1,506**

12 Loans and receivables - banks

(in millions)	30 June 2017	31 December 2016
Interest-bearing deposits	3,480	5,041
Loans and advances	3,218	5,162
Mandatory reserve deposits with central banks	243	306
Other	1,932	2,978
Subtotal	**8,874**	**13,488**
Less: loan impairment allowance	6	3
Loans and receivables - banks	**8,868**	**13,485**

Loans and receivables – banks decreased by EUR 4.6 billion to EUR 8.9 billion at 30 June 2017. Interest-bearing deposits decreased by EUR 1.6 billion to EUR 3.5 billion at 30 June 2017 mainly as a result of a reclassification to cash and cash balances at central banks.

Loans and advances decreased by EUR 1.9 billion to EUR 3.2 billion at 30 June 2017 mainly due to lower pledged cash collateral related to derivatives for which ABN AMRO Bank needs to pledge collateral with the counterparty.

Other loans decreased by EUR 1.0 billion to EUR 1.9 billion at 30 June 2017 mainly due to a decrease in trade bills purchased. This was partly due to the dollar depreciation and partly to a decrease in commodity prices.

13 Loans and receivables - customers

This item is comprised of amounts in loans and receivables to non-banking clients.

(in millions)	30 June 2017	31 December 2016
Residential mortgages (excluding fair value adjustment)	151,047	149,255
Fair value adjustment from hedge accounting on residential mortgages	2,428	3,073
Residential mortgages, gross	**153,475**	**152,328**
Less: loan impairment allowances - residential mortgage loans	175	258
Residential mortgages	**153,300**	**152,069**
Consumer loans, gross	12,312	12,539
Less: loan impairment allowances - consumer loans	381	433
Consumer loans	**11,932**	**12,106**
Corporate loans	93,191	90,920
Fair value adjustment from hedge accounting on corporate loans	1,437	1,722
Financial lease receivables	4,238	4,069
Factoring	2,826	2,321
Corporate loans, gross	**101,692**	**99,031**
Less: loan impairment allowances - corporate loans	2,566	2,973
Corporate loans	**99,126**	**96,058**
Government and official institutions	1,442	1,445
Other loans	6,252	6,003
Fair value adjustment from hedge accounting on other loans	10	
Other loans and receivables customers, gross	**7,704**	**7,448**
Less: loan impairment allowances - other	3	2
Other loans and receivables customers	**7,702**	**7,445**
Loans and receivables - customers	**272,059**	**267,679**

Loans and receivables – customers increased by EUR 4.4 billion to EUR 272.1 billion at 30 June 2017.

Residential mortgages increased by EUR 1.2 billion to EUR 153.3 billion at 30 June 2017. The increase was driven by low interest rates and favourable economic conditions.

Consumer loans decreased by EUR 0.2 billion to EUR 11.9 billion, mainly driven by lower volumes in Retail Banking.

Corporate loans grew by EUR 3.1 billion to EUR 99.1 billion, mainly driven by an increase in corporate loans due to ABN AMRO Bank, including increased activities in the Factoring and Finance Lease business.

Other loans and receivables – customers increased by EUR 0.3 billion to EUR 7.7 billion, mainly driven by an increase in the Commodity Finance business (EUR 0.4 billion) and a decrease in the Clearing business (EUR 0.1 billion).

The above changes include the fair value adjustment from hedge accounting, of which corporate loans decreased by EUR 0.3 billion to EUR 1.4 billion and residential mortgage decreased by EUR 0.6 billion to EUR 2.4 billion. Both movements were due to the movement in interest curves.

Details on loan impairments are provided in the Risk, funding & capital information section.

14 Aquisitions and divestments

(in millions)	First half 2017 Acquisitions	First half 2017 Divestments	First half 2016 Acquisitions	First half 2016 Divestments
Net assets acquired/Net assets divested		**1,400**	19	-10
Cash used for acquisitions/received for divestments		**-1,104**	**-17**	**31**

The sale of ABN AMRO's Private Banking operations in Asia and the Middle East was completed on 30 April 2017. A total amount of EUR 3,202 million in assets and EUR 4,645 million in liabilities were divested. The sale resulted in total gross sale proceeds of EUR 255 million.

15 Due to banks

This item is comprised of amounts due to banking institutions, including central banks and multilateral developments banks.

(in millions)	30 June 2017	31 December 2016
Deposits from banks:		
Demand deposits	2,586	2,591
Time deposits	1,687	1,475
Other deposits	13,759	9,329
Total deposits	**18,033**	**13,394**
Other Due to banks	24	25
Total due to banks	**18,056**	**13,419**

Due to banks increased by a total of EUR 4.6 billion to EUR 18.1 billion at 30 June 2017. Other deposits increased by EUR 4.4 billion as a result of an increase in the participation in the TLTRO programme in March 2017 (EUR 4.0 billion).

16 Due to customers

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

(in millions)	30 June 2017	31 December 2016
Demand deposits	122,677	119,848
Saving deposits	97,922	92,740
Time deposits	14,984	16,169
Total due to customers	**235,584**	**228,758**

Due to customers increased by EUR 6.8 billion to EUR 235.6 billion at 30 June 2017, as a result of the increase in demand deposits (EUR 2.8 billion), savings deposits (EUR 5.2 billion) and a decrease in time deposits (EUR 1.2 billion).

Demand deposits increased by EUR 2.8 billion to EUR 122.7 billion at 30 June 2017 due to higher outstanding positions held by Retail Banking clients (EUR 1.3 billion), Private Banking clients (EUR 0.6 billion), and Commercial Banking and Corporate & Institutional clients (EUR 0.9 billion).

Savings deposits increased by EUR 5.2 billion to EUR 97.9 billion mainly due to higher outstanding positions held by Retail Banking clients, due to a shift from time deposits to savings deposits, and to deposited holiday allowances.

Time deposits decreased by EUR 1.2 billion to EUR 15.0.billion mainly as a result of a decrease in Retail Banking clients (EUR 2.4 billion) and an increase in government and investor funding (EUR 1.3 billion).

17 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding at 30 June 2017 and 31 December 2016, respectively.

(in millions)	30 June 2017	31 December 2016
Bonds and notes issued	62,436	62,882
Certificates of deposit and commercial paper	11,491	16,705
Saving certificates	6	52
Total at amortised cost	**73,933**	**79,639**
Designated at fair value through profit or loss	1,528	1,639
Total issued debt	**75,461**	**81,278**
- of which matures within one year	20,493	27,754

Total issued debt decreased by EUR 5.8 billion to EUR 75.5 billion at 30 June 2017. This decline was mainly due to the redemption of EUR 5.2 billion in certificates of deposits and commercial paper and EUR 0.4 billion in bonds and notes issued. Movements in these debt instruments are related to a continuous process of redemption and issuance of long-term and short-term funding.

The amounts of issued and redeemed debt during the period are shown in the Consolidated statement of cash flows. Further details of the funding programmes are provided in the Risk, funding & capital chapter.

Financial liabilities designated at fair value through profit or loss

The cumulative change in fair value of the structured notes attributable to a change in credit risk amounted to a loss of EUR 11 million in H1 2017 (full-year 2016: EUR 13 million).

For all financial liabilities designated at fair value through profit or loss, the amount that ABN AMRO would contractually be required to pay at maturity was EUR 1.5 billion at 30 June 2017 (31 December 2016: EUR 1.5 billion).

Subordinated liabilities

The following table shows the outstanding subordinated liabilities issued by ABN AMRO and the amounts outstanding at 30 June 2017 and 31 December 2016, respectively.

(in millions)	30 June 2017	31 December 2016
Subordinated liabilities	11,975	11,171

Subordinated liabilities increased by EUR 0.8 billion to EUR 12.0 billion at 30 June 2017, compared with EUR 11.2 billion at 31 December 2016. This increase was mainly driven by an issued subordinated loan, for the nominal amount of USD 1.5 billion at a rate of 4.4%, with a first call date of March 2023, offset by accrued and paid interest of EUR 0.5 billion.

No perpetual loans are recorded at reporting date.

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

18 Provisions

The following table shows a breakdown of provisions at 30 June 2017 and 31 December 2016, respectively.

(in millions)	30 June 2017	31 December 2016
Insurance fund liabilities	67	127
Provision for pension commitments	82	86
Restructuring provision	410	417
Other staff provision	112	117
Legal provisions	757	731
Other provisions	181	193
Total provisions	**1,609**	**1,672**

Total provisions decreased by EUR 63 million to EUR 1,609 million at 30 June 2017 compared with EUR 1,672 million at 31 December 2016. This was mainly due to decreases in the insurance provisions.

Interest rate derivatives to SME clients

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

In December 2015 the AFM announced that it found the review performed by banks to be insufficient. In light of this finding, the Dutch Minister of Finance appointed a committee of independent experts (the Committee) to develop a Uniform Recovery Framework in consultation with the participating banks.

On 5 July 2016 the Committee presented the Uniform Recovery Framework. On that same date ABN AMRO announced it would adhere to this framework. As a result, ABN AMRO increased its provision.
Since 5 July 2016, the Committee, the AFM, the banks and the external file reviewers have worked together to monitor how the Uniform Recovery Framework works in practice. The Committee has now added the findings to the Uniform Recovery Framework, which was finalised on 19 December 2016.

ABN AMRO has set up its own client reassessment process and the related checks and balances. In the first quarter of 2017, ABN AMRO started the reassessment of around 6,800 clients with some 9,000 interest rate derivatives. ABN AMRO aims to propose a solution under the Uniform Recovery Framework for each of these clients before the end of 2017. At various points in the process, the reassessments will be checked by an independent external file reviewer, in ABN AMRO's case audit firm PwC, and will be supervised by the AFM. The total provision for SME derivatives-related issues amounted to EUR 576 million at 30 June 2017. This amount consists of the total client compensation (EUR 534 million) and project costs (EUR 109 million), after payments already made for both elements.

Euribor-based mortgages

ABN AMRO has sold mortgage loans with floating, often Euribor-based, interest rates (close to 1% of the total mortgage portfolio) to consumers. An important element of the pricing model of these mortgage loans is the ability of ABN AMRO to on-charge costs, allocated and unallocated, to its clients by adjusting the margin charge on the Euribor. In many of these products, ABN AMRO has structured its ability to do so in provisions in its terms and conditions that allow it to unilaterally adjust the margin charge or the floating interest rate, pricing or contract terms. ABN AMRO's external funding costs (spread on top of Euribor) have gone up and ABN AMRO has adjusted the margin charge upward in many cases. As a result, clients are contesting the ability of ABN AMRO to do so. The complaints are based on a number of specific and general legal principles. In 2012, on top of multiple individual cases, class actions were brought by Stichting Stop de Banken and Stichting Euribar in relation to mortgage agreements with a floating interest rate based on Euribor, alleging that ABN AMRO was contractually not allowed to unilaterally increase the level of the applicable margin and that it had violated its duty of care. ABN AMRO lost the class action cases in the lower court in November 2015. In its judgement, the Amsterdam court took a rather principled view of unconditional (pricing) amendment provisions. ABN AMRO filed for an appeal against this judgement. ABN AMRO has recognised a provision for this matter.

ICS Redress scheme

International Card Services B.V. (ICS), the credit card business of ABN AMRO, has identified certain issues from its past in respect of the granting of credit to consumers, as a result of which certain clients have been provided with loans above their lending capacity. This has been reported to the AFM. ICS has drafted a redress scheme that addresses remedial measures for clients that have been affected, which will, among other things, include financial compensation for certain clients. The recovery framework is currently being executed and is expected to be finalised by the end of 2018. ABN AMRO has recognised a provision in respect of this redress scheme.

Introduction
Business
Risk, funding & capital information
Interim Financial Statements 2017
Other

Discussions with tax authorities in Switzerland and Germany

The tax treatment of certain transactions relating to discontinued securities financing activities are currently the subject of discussions with the Swiss and German tax authorities. In Switzerland, the discussion regards the beneficial ownership of shares held by subsidiaries of former Fortis Bank Nederland (FBN). Those subsidiaries reclaimed dividend withholding tax, while according to the Swiss tax authorities they were not entitled to reclaim this tax.

The German tax authorities have issued tax assessments against a former German subsidiary of FBN and against a German branch to reclaim dividend withholding tax amounts previously reclaimed by that German company and that branch. The German tax authorities dispute these reclaims. ABN AMRO has also received liability notices related to these reclaims. ABN AMRO has recognised provisions which are currently considered sufficient to cover potential claims made by the Swiss and German tax authorities.

19 Commitments of contingent liabilities

(in millions)	30 June 2017	31 December 2016
Committed credit facilities	28,954	27,299
Guarantees and other commitments:		
Guarantees granted	2,439	2,659
Irrevocable letters of credit	6,094	6,178
Recourse risks arising from discounted bills	6,041	7,037
Total guarantees and other commitments	**14,573**	**15,873**
Total	**43,527**	**43,173**

The total of committed credit facilities, guarantees and other commitments increased by EUR 0.4 billion to EUR 43.5 billion at 30 June 2017 compared with EUR 43.2 billion at 31 December 2016. This increase was caused by an increase of EUR 1.7 billion in the committed credit facilities, offset by a decrease of EUR 1.3 billion in the guarantees and other commitments.

The increase in committed credit facilities was related to higher volume of credit lines granted to credit institutions, commercial and consumer clients of EUR 2.0 billion, partly offset by lower outstanding credit offers of EUR 0.3 billion.

Other contingencies

ABN AMRO is involved in a number of legal proceedings which relate to the ordinary course of business in a number of jurisdictions. In presenting the Condensed Consolidated Interim Financial Statements, 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 defence costs are not established for matters when losses cannot be reasonably estimated. Other contingent liabilities include an Irrevocable Payment Commitment (IPC) to the Single Resolution Board (SRB) in Brussels. In April 2016, the SRB provided credit institutions the option to fullfill part of the obligation to pay the annual ex-ante contributions to the Single Resolution Fund (SRF) through IPCs. To secure full and punctual payment, when called by the SRB, credit institutions needed to constitute cash collateral and fully transfer legal ownership to the SRB.

Interest rate derivatives to SME clients

On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a panel of independent experts for advice on the reassessment of SME and middle market interest rate derivatives. On 5 July 2016 the Uniform Recovery Framework prepared by this panel of independent experts was presented, and ABN AMRO has committed to this framework. The Uniform Recovery Framework was finalised on 19 December 2016. This will lead to revised compensation solutions for clients. ABN AMRO intends to make an offer to all clients in scope of the Uniform Recovery Framework before year-end 2017. However, it is unclear how the Uniform Recovery Framework will impact pending and future litigation. As this is a possible liability dependent on a future event, there is no provision for this possible outflow of resources and it is therefore considered a contingency. In this respect, reference is made to note 18 Provisions.

Cross liabilities

Section 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in Note 34 of the 2016 Condensed Consolidated Annual Financial Statements, ABN AMRO was subject to a demerger with RBS N.V. in 2010.

Indemnity agreement with the Dutch State

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

20 Related parties

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Parties related to ABN AMRO include NLFI with control, the Dutch State with significant influence, associates, pension funds, joint ventures, the Executive 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 applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27. For further information, see note 35 of the Consolidated Annual Financial Statements 2016.

Loans and advances to the Executive Board, the Supervisory Board and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. For further information, see note 36 of the Consolidated Annual Financial Statements 2016.

Balances with joined ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2017				
Assets	13	476		489
Liabilities	226	700		926
Guarantees given		15		15
Guarantees received		15		15
Irrevocable facilities		25		25
First half 2017				
Income received	19	26		45
Expenses paid	6	3	161	170
31 December 2016				
Assets	14	382		396
Liabilities	205	710		914
Guarantees given		15		15
Guarantees received		7		7
Irrevocable facilities		26		26
First half 2016				
Income received	17	22		38
Expenses paid	7	5	149	161

Assets with associates increased by EUR 94 million at 30 June 2017 compared with 31 December 2016, mainly due to higher balances with financial institutions.

Liabilities with joint ventures increased by EUR 21 million at 30 June 2017 compared with 31 December 2016, due to higher customer deposits held by other financial corporations.

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

Balances with the Dutch State

(in millions)	30 June 2017	31 December 2016
Assets:		
Financial assets held for trading	603	269
Derivatives	1,288	1,701
Financial investments - available for sale	6,629	6,592
Loans and receivables - customers	779	782
Other assets	99	99
Liabilities:		
Derivatives	1,915	2,371
Due to customers	819	830
Financial liabilities held for trading	410	9
Subordinated loans		
	First half 2017	First half 2016
Income statement:		
Interest income	69	71
Interest expense	20	23
Net trading income	-2	-19
Net fee and commission income		
Other income	10	39

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

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

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

Financial assets held for trading increased by EUR 0.3 billion at 30 June 2017 compared with 31 December 2016, mainly due to higher Dutch government bonds as a result of primary dealership in the Netherlands and of client facilitation. Most of these contracts are hedged with short positions in government bonds.

Derivatives related to both assets and liabilities decreased by EUR 0.4 billion at 30 June 2017 compared with 31 December 2016, mainly due to lower lending positions with the Dutch State. Derivatives transactions with Dutch State are related to the normal course of business.

Financial liabilities held for trading increased by EUR 0.4 billion at 30 June 2017 compared with 31 December 2016, as a result of higher short positions in Dutch government bonds.

Net trading income decreased by EUR 17 million at 30 June 2017 compared with 31 December 2016, due to trading results in sold Dutch government bonds.

Other income decreased by EUR 29 million at 30 June 2017 compared with 31 December 2016, mainly as a result of higher realised gains on financial investments in 2016.

21 Post balance sheet events

There have been no significant events between 30 june 2017 and the date of approval of these accounts which would require a change to or disclosure in the accounts.

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of ABN AMRO Group N.V., Amsterdam, which comprise the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

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

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 8 August 2017

Ernst & Young Accountants LLP

Signed by W.J. Smit

Other

Enquiries

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Investor call

The Executive Board will host a conference call for analysts and investors on 9 August 2017 at 11:00 am CET (12:00 GMT). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

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

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

Disclaimer & cautionary statements

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

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

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