ABN·AMRO

IR / Press Release

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ABN AMRO Group reports underlying profit of EUR 325 million in first-half 2010

- **The reported net result in the first half of 2010 amounted to a loss of EUR 968 million, due mainly to the closing of the EC Remedy and separation, integration and restructuring costs**
- **Excluding these items, the underlying net profit increased by 57% to EUR 325 million, compared with an underlying net profit of EUR 207 million in the first half of 2009**
- **This increase was driven by higher net interest income and lower impairments**
- **The underlying cost/income ratio moved from 71% to 75% due to several large additions to the legal provision totalling EUR 265 million; excluding these, the underlying cost/income ratio improved to 68%**
- **At 30 June 2010, the pro forma combined Tier 1 capital ratio and total capital ratio under Basel II were 12.3% and 17.0% respectively**

Gerrit Zalm, Chairman of ABN AMRO Group comments:

"This is the first time that the consolidated results of ABN AMRO Group are presented. Although these results are impacted by several significant items as indicated previously, the underlying profitability of the bank has improved compared to last year. Excluding items such as the loss on the EC Remedy and restructuring, separation and integration costs in both periods, a net profit of EUR 325 million was recorded, compared with a net profit of EUR 207 million in the first half of 2009. This underlying performance was driven by an increase in revenues, predominantly as a result of growth of the loan portfolio and improved margins on savings products, as market conditions improved. Continued cost management was masked by several large additions to the legal provision. Impairments were lower, reflecting the early improvements seen in the Dutch economy. However, we remain cautious and expect the level of loan impairments in the remainder of the year to be somewhat higher than the low levels seen in the first six months.

The first six months of the year were marked by the preparations for the legal merger and the start of the integration of both banks into a new bank: a bank with a centuries-old history that combines the best of ABN AMRO Bank and Fortis Bank Nederland. By early July, the planned merger of 150 branches into 500 branches finalised and to secure a controlled transition for Fortis Bank Nederland customers, branches will remain 'two-in-one' temporarily. Customers clearly appreciate this temporary dual service. At the same time, nearly 8,500 employees, most of them working for the retail bank, were given clarity on whether they will be placed in a new job. The overriding theme is the 'from work to work' principle. Throughout this process our employees have continuously served our customers in a professional manner, and for this we are very grateful. At the same time, we thank our customers for the trust they have continued to place in us. A next step in the integration is the transfer of the data of 1.6 million Fortis Bank Nederland retail customers to the IT platform of ABN AMRO Bank, scheduled to take place later this year. By the end of 2010 the integration of the retail activities will largely be finalised. Private Banking and Commercial & Merchant Banking will follow in 2011 and 2012. During this process, our main objective is to secure a seamless transition for our customers."

Income statement of ABN AMRO Group

(in millions euros)	*First half year 2010 Reported*	*First half year 2009 Reported*	*% change*	*First half year 2010 Underlying*	*First half year 2009 Underlying*	*% change*
Net interest income	2,436	2,180	12%	2,436	2,180	12%
Non-interest income	401	1,665	(76%)	1,213	1,302	(7%)
Operating income	**2,837**	**3,845**	(26%)	**3,649**	**3,482**	5%
Operating expenses	**(3,390)**	**(2,550)**	33%	**(2,744)**	**(2,472)**	11%
Loan impairments	(348)	(772)	(55%)	(348)	(772)	(55%)
Profit / (loss) before taxation	**(901)**	**523**	(272%)	**557**	**238**	134%
Income tax expense	(67)	(103)	(35%)	(232)	(31)	648%
Profit / (loss) for the period	**(968)**	**420**	(330%)	**325**	**207**	57%
Assets Under Management	151,977	138,567	10%			
Cost/income ratio	119%	66%		75%	71%	
Risk Weighted Assets	120,152					
FTEs	27,870	30,341				

The reported figures are impacted by several items which are related to the separation ABN AMRO Bank from RBS N.V. and Fortis Bank Nederland from BNP Paribas Fortis and the integration of ABN AMRO Bank and Fortis Bank Nederland. As the reported results do not give a good indication of the underlying trends, the 2009 and 2010 figures have been adjusted for these items. In the analysis presented on pages 3 to 8, the underlying figures are the reported figures excluding these items.

These items are the transaction result on the closing of the sale of NEW HBU II N.V. (NEW HBU II) and IFN Finance B.V. (IFN Finance) (the EC Remedy), an exceptional result following a settlement on Fortis Capital Company Ltd. (FCC), a restructuring provision, and integration and separation costs.

The restructuring provision was incurred for the planned reduction in personnel and housing resulting from the integration of ABN AMRO Bank and Fortis Bank Nederland. The restructuring provision is in addition to the separation and integration costs which are recorded as current costs in all segments until completion of the integration in 2012. The total transaction result of the closing of the EC Remedy amounted to a loss of EUR 812 million. The negative result is mainly due to a loss on the book value, a guarantee provided for the potential losses on the assets sold (the Credit Umbrella), the cost of indemnification for cross-liability exposure and separation and migration costs.

The total impact of these items is stated below. Unless otherwise indicated, these items are recorded in the segment 'Other'.

(in million euros)	*First half year 2010*		*First half year 2009*	
	Gross	*Net*	*Gross*	*Net*
Transaction loss on sale of EC Remedy	(812)	(812)		
Exceptional gain on cash settlement FCC			363	271
Integration and separation costs	(646)	(481)	(78)	(58)
Restructuring provisions	*(469)*	*(349)*		
Project costs in Retail & Private Banking	*(22)*	*(16)*	*7*	*5*
Project costs in Merchant & Commercial Banking	*(15)*	*(11)*	*(3)*	*(2)*
Project costs in segment Other	*(140)*	*(105)*	*(82)*	*(61)*
Total	**(1,458)**	**(1,293)**	**285**	**213**

The transaction results upon sale of the divested activities, i.e. the EC Remedy (sale completed on 1 April 2010) and Intertrust (sale completed on 29 December 2009) (together the 'divestments'), and the operating results of these divestments have been included until the moment of completion of the sale and are recorded in the segment Other.

The underlying profit for the period of ABN AMRO Group improved by 57% to EUR 325 million. The underlying profit for the period rose due to a sharp increase in the profit of Retail & Private Banking, which was partly offset by a decline in the result of Commercial & Merchant Banking (due to start-up costs and several large additions to the legal provision) and a decline in Other results (due to higher funding costs, credit protection costs and the operating results of the divested activities of the EC Remedy and Intertrust).

- Underlying operating income was 5% higher year-on-year, as a 12% increase in net interest income was partly offset by a 7% decrease in non-interest income.

  Net interest income increased primarily in Retail & Private Banking due to further growth in the small-sized enterprises loan portfolio and in savings deposits. Margins on savings deposits started to recover as of the end of 2009 as low-margin fixed-rate deposits matured and were replaced by short-term variable-rate deposits which have a higher margin. Mortgage volumes were relatively stable, despite declining new mortgage production. Commercial & Merchant Banking benefitted from growth of the loan portfolio. Other recorded a decline in net interest income mainly due to divestments and interest costs for EUR 2.6 billion Mandatory Convertible Securities (MCS) issued to the Dutch State over the first three months of 2010.

  Underlying non-interest income was lower mainly due to divestments and fees paid for the credit protection bought from the Dutch State on a EUR 34.5 billion portfolio of own originated residential mortgages; both are recorded in Other. Retail & Private Banking and Commercial & Merchant Banking saw non-interest income rise as a result of higher net fees and commissions on the back of a recovery of capital markets and the acquisition of the US clearing activities.

- Underlying operating expenses increased by 11% due to several large additions to the legal provision. These additions relate to international activities conducted in the past. Excluding these, underlying operating expenses would have remained almost unchanged.

- The underlying cost/income ratio went up from 71% to 75% due to the above mentioned additions to the legal provision. Excluding these, costs remained almost unchanged and the underlying cost/income ratio would have improved to 68%.

- Loan impairments decreased by 55%. This trend reflects the early improvements seen in the Dutch economy which translated into a lower number of corporate defaults in the Commercial Banking and the Large Corporates portfolios. In addition, there were no specific provisions in the Private Banking portfolio. Loan impairments were also lower due to divestments.

- The underlying tax rate of 42% was high due to the non-tax deductibility of additions to the legal provision and funding costs of several tier 1 capital instruments.

- The total number of full-time equivalents (FTEs) declined by 8%, or 2,471, to 27,870. This decline was due to outflow ahead of the integration (433), and the sale of the EC Remedy (1,154) and of Intertrust (884).

Certain figures in this document may not sum up exactly due to rounding. In addition, certain percentages in this document have been calculated using rounded figures. Please note that due to the integration the current segmentation of reporting is still subject to various changes.

This press release should be read in conjunction with the Interim Financial Report 2010 which includes condensed consolidated interim financial statements. This report is available at www.abnamro.com/results.

Income statement of Retail & Private Banking

(in millions euros)	First half year 2010 Reported	First half year 2009 Reported	% change	First half year 2010 Underlying	First half year 2009 Underlying	% change
Net interest income	1,730	1,451	19%	1,730	1,451	19%
Non-interest income	649	581	12%	649	581	12%
Operating income	**2,379**	**2,032**	17%	**2,379**	**2,032**	17%
Operating expenses	**(1,448)**	**(1,411)**	3%	**(1,426)**	**(1,418)**	1%
Loan impairments	(141)	(270)	(48%)	(141)	(270)	(48%)
Profit / (loss) before taxation	**790**	**351**	125%	**812**	**344**	136%
Income tax expense	(210)	(97)	116%	(216)	(95)	127%
Profit / (loss) for the period	**580**	**254**	128%	**596**	**249**	139%
Assets Under Management	151,972	138,565	10%			
Cost/income ratio	61%	69%		60%	70%	
Risk Weighted Assets	41,893					
FTEs	12,281	13,003	(6%)			

Please note that Retail & Private Banking currently also includes small-sized enterprise clients of former Fortis Bank Nederland. These small-sized enterprise clients will be transferred to Commercial & Merchant Banking in due course.

Retail & Private Banking consists of Retail Banking Nederland and Private Banking in the Netherlands and a select number of countries in Europe and Asia. Private Banking operates in the Netherlands under the name ABN AMRO MeesPierson; internationally it operates under the name ABN AMRO or under local brand names such as Neuflize and Delbruck Bettmann Maffei.

The underlying profit for the period increased from EUR 249 million to EUR 596 million year-on-year as a result of a strong increase in revenues, almost flat costs and lower impairments.

- Operating income advanced by 17% year-on-year as a result of an 19% increase in net interest income and a 12% rise in non-interest income.

  Net interest income improved as a result of further growth in savings deposits. Margins on savings deposits started to recover from the low levels seen at the end of 2009 as low-margin fixed-rate deposits matured and were replaced by short-term variable-rate deposits which have a higher margin.

  The loan portfolio showed good growth in small-sized enterprise clients as well as in the International Diamond & Jewelry Group activities. Mortgage volumes increased marginally, despite a more than 10% decline of Dutch mortgage production in the past 12 months. This decline is mainly due to the current economic environment. Mortgage margins improved.

  The increase in non-interest income was due to higher net fees and commissions as a result of a recovery of capital markets compared with the same period last year. This is also reflected in higher Assets under Management of Private Banking, which increased by EUR 13.4 billion to EUR 152.0 billion.

- Underlying operating expenses were almost flat. In the first six months of 2010, several additions to the legal provision for the Private Banking activities were made. Excluding these, operating expenses were lower. This is the result of a reduction in the number of FTEs, which came down by 722, or 6%, year-on-year and continued cost management.

- The underlying cost/income ratio improved from 70% to 60%.

- Loan impairments decreased by 48%. The number of defaults in the first half of 2010 was lower, reflecting the improvement of the Dutch economy. In addition, the first half of 2009 included specific provisions for loan impairments in the international Private Banking portfolio.

Income statement of Commercial & Merchant Banking

(in millions euros)	*First half year 2010 Reported*	*First half year 2009 Reported*	*% change*	*First half year 2010 Underlying*	*First half year 2009 Underlying*	*% change*
Net interest income	792	750	6%	792	750	6%
Non-interest income	537	494	9%	537	494	9%
Operating income	**1,329**	**1,244**	7%	**1,329**	**1,244**	7%
Operating expenses	**(1,075)**	**(765)**	41%	**(1,060)**	**(763)**	39%
Loan impairments	(231)	(415)	(44%)	(231)	(415)	(44%)
Profit / (loss) before taxation	**23**	**64**	(64%)	**38**	**66**	(42%)
Income tax expense	(32)	12	(367%)	(36)	11	(427%)
Profit / (loss) for the period	**(9)**	**76**	(112%)	**2**	**77**	(97%)
Assets Under Management	5	2	150%			
Cost/income ratio	81%	61%		80%	61%	
Risk Weighted Assets	52,375					
FTEs	6,025	6,048	0%			

The operating results and transaction results upon the sale of the EC Remedy activities and Intertrust have been included in the segment 'Other'.

Commercial & Merchant Banking is organised along five business activities: Business Banking (clients with turnover up to EUR 30 million), Corporate Clients (clients with turnover of EUR 30-500 million), Large Corporates & Merchant Banking (LC&MB, clients with turnover exceeding EUR 500 million), Markets and Marketing & Products. In August 2009, Markets acquired the US clearing activities which were previously part of the global clearing activities of former Fortis Bank Nederland, but legally owned by BNP Paribas Fortis (former Fortis Bank Belgium).

The underlying profit for the period declined from EUR 77 million to EUR 2 million, due to several large additions to the legal provision. Excluding these, net profit would have more than doubled, due to good performances at Business Banking and LC&MB. This was partly offset by Markets, which is rebuilding its activities and international presence following the separation of ABN AMRO Bank and Fortis Bank Nederland from RBS N.V. and BNP Paribas Fortis (former Fortis Bank Belgium) respectively.

- Operating income rose by 7% year-on-year as a result of a 6% increase in net interest income and a 9% increase in non-interest income.

  Net interest income advanced due primarily to growth in revenues of the loan portfolio and client deposits. These increases were especially noticeable in Business Banking and LC&MB. The volume of savings deposits was slightly lower, but margins recovered as fixed-rate deposits matured and were replaced by short-term variable-rate, a trend similar to the development in Retail & Private Banking. Markets recorded lower net interest income as a result of volatile market conditions.

  Non-interest income increased mainly as a result of higher net fees and commissions, as LC&MB saw higher Trade Finance volumes and higher marked-to-market valuations. Markets benefitted from the acquisition of the US clearing activities.

- Underlying operating expenses increased by 39% due mainly to several large additions to the legal provision. Excluding these, operating expenses would have shown a marked increase, predominantly as a result of the acquisition of the clearing activities in the US and the start of new Markets activities in the United Kingdom, Germany, and Asia. The number of FTEs declined somewhat due to a transfer of staff to RBS, partly offset by the acquisition of the US clearing activities.

- The underlying cost/income ratio increased from 61% to 80% due to the above mentioned additions to the legal provision. Excluding these, the underlying cost/income ratio would have increased modestly.

- Loan impairments decreased by 44%. This was due to lower impairments for the Commercial and the Large Corporates portfolios as corporate defaults decreased both in numbers as well as in size.

Income statement of Other

(in millions euros)	*First half year 2010*	*First half year 2009*	*% change*	*First half year 2010*	*First half year 2009*	*% change*
	Reported	*Reported*		*Underlying*	*Underlying*	
Net interest income	(87)	(41)	112%	(87)	(41)	112%
Non-interest income	(783)	609	(229%)	30	247	(88%)
Operating income	**(870)**	**568**	(253%)	**(57)**	**206**	(128%)
Operating expenses	**(868)**	**(373)**	133%	**(259)**	**(291)**	(11%)
Loan impairments	24	(87)	(128%)	24	(87)	(128%)
Profit / (loss) before taxation	**(1,714)**	**108**		**(292)**	**(172)**	70%
Income tax expense	175	(18)		20	53	(62%)
Profit / (loss) for the period	**(1,539)**	**90**		**(272)**	**(119)**	129%
Risk Weighted Assets	25,884					
FTEs	9,564	11,290	(15%)			

The operating results and transaction results upon the sale of the EC Remedy activities and Intertrust have been included in the segment 'Other'.

Other includes support functions such as Finance (including ALM/Treasury); Technology, Operations, Property and Services (TOPS); Risk Management & Strategy; Integration, Communication and Compliance, Audit and the Corporate Secretariat.

The underlying profit for period declined by EUR 153 million to a loss of EUR 272 million.

- Underlying operating income decreased by EUR 263 million to EUR 57 million negative.

  Net interest income decreased by EUR 46 million due to divestments, higher funding costs and interest costs of the EUR 2.6 billion of Mandatory Convertible Securities (MCS) issued to the Dutch State over the first three months of 2010. The EUR 2.6 billion of MCS converted into Equity on 1 April 2010. The decrease in net interest income was partly offset by a higher mismatch result.

  Underlying non-interest income decreased by EUR 217 million to EUR 30 million. This was the result of the above mentioned divestments and the fees paid for the credit protection bought from the Dutch State on a EUR 34.5 billion portfolio of own originated residential mortgages in the second half of 2009. In addition, the first half of 2009 included a large gain on sale of part of the investment portfolio.

- Underlying operating expenses came down by EUR 32 million to EUR 259 million because of divestments, but were partly offset by higher costs for setting up two stand-alone banks, such as for central functions and IT infrastructure. This is also partly reflected in an increase of the number of FTEs, which increased by 311, after adjusting for divestments and including inflow of staff into the redeployment centre.

- Loan impairments decreased by EUR 111 million to a release of EUR 24 million primarily due to the divestment of the EC Remedy and Intertrust.

Balance sheet and capital

(in millions euros)	*30 June 2010*	*31 December 2009*
Cash and cash equivalents	22,485	4,368
Financial assets held for trading	22,072	20,342
Financial investments	19,521	20,763
Loans and receivables banks	43,890	46,485
Loans and receivables customers	279,259	279,306
Other	17,524	15,252
Total assets	**404,751**	**386,516**
Financial liabilities held for trading	27,384	26,951
Due to banks	46,732	43,095
Due to customers	211,679	205,040
Issued debt	79,422	70,837
Subordinated liabilities	9,102	11,747
Other	19,047	19,848
Total liabilities	**393,366**	**377,518**
Shareholders' equity	11,160	8,776
Non-controlling interests	225	222
Total equity	**11,385**	**8,998**
Total liabilities and equity	**404,751**	**386,516**

Total assets rose by EUR 18.2 billion to EUR 404.8 billion at 30 June 2010 despite the divestment of the EC Remedy. Adjusted for the EC Remedy, total assets increased by EUR 29.8 billion.

- Cash and cash equivalents at central banks increased by EUR 18.1 billion. This is due mainly to the liquidity buffer.
- Financial assets held for trading increased by EUR 1.7 billion as a result of the Markets activities of Commercial & Merchant Banking, partly offset by the divestment of the EC Remedy.
- Financial investments decreased by EUR 1.2 billion due mainly to the sale of government bonds for asset and liability management purposes.
- Loans and receivables banks declined by EUR 2.6 billion. This net decrease is due mainly to a settlement of EUR 16.4 billion with RBS N.V. following the legal separation, an increase of EUR 7.7 billion in Commercial & Merchant Banking activities, an increase of EUR 2.1 billion in mandatory reserve deposits with central banks and an increase of EUR 4.4 billion in interest bearing deposits.
- Loans and receivables customers remained unchanged. Adjusted for the divestment of the EC Remedy activities, Loans and receivables customers grew by EUR 10.5 billion, mainly as a result of an increase in the commercial loan portfolio. The majority of Loans and Receivables customers are Dutch residential mortgages, amounting to EUR 161.4 billion at the end of June 2010.
- Other increased by EUR 2.3 billion, due predominantly to an increase in derivates used for hedging purposes.

Total liabilities increased by EUR 15.9 billion. Adjusted for the EC Remedy, total liabilities increased by EUR 26.6 billion.

- Financial liabilities held for trading increased by EUR 0.4 billion.
- Due to banks rose by EUR 3.6 billion. Excluding the EC Remedy, Due to banks increased by EUR 5.3 billion mainly as a result of an increase in total deposits of EUR 10.0 billion, offset by a decrease in repurchase agreements and security lending transactions of EUR 5.4 billion.
- Due to customers increased by EUR 6.6 billion. Excluding the EC Remedy, Due to customers increased by EUR 14.8 billion mainly due to an increase in total deposits of EUR 6.7 billion and repurchase agreements of EUR 8.0 billion.
- Issued debt certificates shows a net increase of EUR 8.6 billion. This increase relates to financing initiatives in short and long-term maturities and prudent liquidity management.
- Subordinated liabilities decreased by EUR 2.6 billion, as a result of the conversions of EUR 2.6 billion of MCS issued to the Dutch State into Equity. These conversions were part of the capital actions of the Dutch State announced in November 2009.
- Other decreased by EUR 0.8 billion.

Equity increased by EUR 2.4 billion to EUR 11.4 billion. This was primarily the result of the conversion of EUR 2.6 billion of MCS into Equity, the remaining capital injection by the Dutch State (part of the 2009 capital actions by the Dutch State) and the interim result over the first half of 2010 of EUR 1.0 billion negative.

Capital and solvency

Former Fortis Bank Nederland reported its regulatory capital under Basel II Advanced-IRB. Until legal separation on 1 April 2010, the former ABN AMRO Bank reported its regulatory capital under Basel I. As of 1 April 2010, ABN AMRO Bank also reports under Basel II Advanced-IRB. Consolidated capital ratios are not available for the combined bank for the period before 1 April 2010.

The capital requirements of banks were reported to the Dutch Central Bank on a separate basis at the end of June 2010. The application of Basel II policies, methodologies and models in order to calculate the regulatory capital and risk-weighted assets for the merged bank is currently in the process of harmonisation. Until completion of the harmonisation, the reported Basel II capital ratios will be combined pro forma capital ratios based on consolidated IFRS equity.

On 30 June 2010, the combined pro forma Tier 1 capital under Basel II amounted to EUR 14.8 billion and the combined pro forma total capital amounted to EUR 20.4 billion. Combined pro forma risk-weighted assets under Basel II were EUR 120.1 billion, leading to a combined pro forma combined Tier 1 ratio of 12.3% and a pro forma combined total capital ratio of 17.0%.

Funding and liquidity

In the first half of 2010, a significant liquidity buffer was in place for prudency reasons. Over the same period, the bank’s long-term funding improved by the issuance of more than EUR 14 billion of long-term funding in a variety of instruments.

Update on government and government-guaranteed debt exposures

On previous occasions, ABN AMRO Group provided an overview of its largest exposures to European governments and government-related entities. These exposures included debt issued by central governments and local governments and debt which is guaranteed by a central government. The exposures reported are part of the loan, trading and investment books. Please find below an overview of the major government and government-guaranteed debt exposures as per 30 June 2010.

(in billions euros)			*30 June 2010*
	Government & Government related	*Government guaranteed*	*Total*
The Netherlands	31.4	1.4	32.8
France	2.5		2.5
Germany	1.6		1.6
Italy	1.2	0.3	1.5
Greece		1.4	1.4
Belgium	0.7	0.1	0.8
Austria	0.2	0.3	0.5
Ireland	0.4		0.4
Spain	0.3		0.3
Poland	0.3		0.3
Portugal	0.2		0.2
Total	**38.8**	**3.5**	**42.3**

** The figures for the Netherlands exclude loans which are Dutch State guaranteed and include deposits with the Dutch Central Bank*

Update on the integration

On 1 July, the effective day of the legal merger, a major rebranding exercise took place where the Fortis Bank Nederland name was rebranded to ABN AMRO. Unlike the other businesses, Retail Banking will continue to use the Fortis Bank Nederland trade name for now, until the systems have been integrated. MeesPierson will operate under the name ABN AMRO MeesPierson. From 1 October, the Fortis Bank brand will no longer be used in the Netherlands, as the brand belongs to BNP Paribas Fortis.

On 6 July, ABN AMRO Bank merged the last of the 150 branches of the retail network in the Netherlands. This concluded a period of three months in which ABN AMRO Bank merged and closed down 150 of the 650 branches that originated after the legal merger. To secure a controlled transition for Fortis Bank Nederland customers, branches will remain twinned temporarily until the technical migration is complete. In this manner, Fortis Bank Nederland customers will have access to their trusted bank employees during the migration process. A concept which is well appreciated by our customers. The technical migration of the 1.6 million Fortis Bank Nederland retail customers will take place in the second half of 2010. During this process over 150 branches will have an extra opening in the evening. After migration, Fortis Bank Nederland and ABN AMRO Bank customers will have access to an extensive network of 500 branches in the Netherlands. The technical migration should be finalised by year-end, after which Private Banking and SME customers will follow.

As a result of the integration, ABN AMRO Bank plans to close thirty ABN AMRO Bank and former Fortis Bank Nederland head and regional offices between 2010 and 2013.

With the opening of a representative office in Athens (part of the Energy, Commodities & Transportation network), ABN AMRO Bank is now present in 28 countries and territories. With dealing rooms in New York, Singapore and Amsterdam, ABN AMRO Bank can provide its full range of international financial products 24 hours a day, across all time zones.

Update since 1 July 2010

Legal merger

On 1 July 2010, ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. legally merged and started operating as a single bank under the name ABN AMRO Bank N.V. ABN AMRO Group N.V., the parent company and group company of ABN AMRO Bank N.V., assigned non-cumulative preference shares in its share capital to ABN AMRO Preferred Investments B.V. ABN AMRO Preferred Investments B.V. (previously called Fortis FBN(H) Preferred Investments B.V.) was the holder of the non-cumulative preference shares A in the share capital of Fortis Bank (Nederland) N.V. Fortis Bank Nederland ceased to exist on the merger date. This also meant that all branches and subsidiaries of Fortis Bank Nederland became branches and subsidiaries of ABN AMRO Bank.

European stress test

ABN AMRO Bank announced on 23 July that it had successfully passed the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors (CEBS). The exercise was conducted using the scenarios, methodology and key assumptions provided by CEBS. As a result of the assumed shock under the adverse scenario, the estimated stressed Tier 1 capital ratio of 10.3% in 2011 comfortably exceeded the minimum Tier 1 capital ratio of 6% set by the CEBS. An additional sovereign risk scenario would have had a further impact of 40 basis points on the estimated Tier 1 capital ratio, bringing it to 9.9% at the end of 2011, well above the minimum required Tier 1 capital ratio of 6% set by the CEBS under the scenario developed for the purpose of this EU-wide exercise.

EC decision on call option to early redeem a subordinated note (FCC)

On 16 August 2010, it was announced that the European Commission had as a matter of exception approved the call of the FCC Securities. Due to the existence of a dividend pusher clause in the documentation of the FCC Securities linked to dividend payments made by Ageas N.V. and Ageas SA/NV, entities outside the control of ABN AMRO Bank, the Dutch Central Bank (De Nederlandsche Bank, "DNB") had taken the view that from a regulatory perspective the FCC Securities should be reclassified from Tier-1 capital to Tier-2 capital as of 1 July 2010. In order to prevent the Capital Securities from being reclassified to Tier 2, ABN AMRO Bank decided to call for redemption of all outstanding FCC Securities on the next dividend payment date of 29 September 2010.

As ABN AMRO Bank is a bank subject to state aid investigation, ABN AMRO Bank and its subsidiaries are required to consult the European Commission in order to redeem capital instruments prior to legal maturity or to pay coupons. The European Commission had as a matter of exception determined that the request for early redemption of the FCC Securities could be reconciled with state aid rules, as it prevents the loss of Tier 1 capital.

The European Commission also stated that Hybrid Tier 1 and Tier 2 instruments issued by ABN AMRO Group and its wholly owned subsidiaries are subject to a ban on payments of coupons unless there is a legal obligation to make such payments, as well as a call restriction, similar to other financial institutions involved in state aid proceedings. This ban is for a limited period up to and including 13 March 2013.

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Annex 1: Consolidated Income Statement

(in millions euros)	*First half year 2010*	*First half year 2009*
Income		
Interest income	6,545	8,173
Interest expense	(4,109)	(5,993)
Net interest income	**2,436**	**2,180**
Fee and commission income	1,335	1,123
Fee and commission expense	(400)	(164)
Net fee and commission income	**935**	**959**
Net trading income	121	49
Results from financial transactions	17	128
Share of result in equity accounted investments	21	43
Other operating income/(loss)	(693)	486
Total operating income	**2,837**	**3,845**
Expenses		
Personnel expenses	(1,611)	(1,292)
General and administrative expenses	(1,520)	(1,076)
Depreciation and amortisation of tangible and intangible assets	(259)	(182)
Operating expenses	**(3,390)**	**(2,550)**
Loan impairment	(348)	(772)
Total expenses	**(3,738)**	**(3,322)**
Profit before taxation	**(901)**	**523**
Income tax expense	(67)	(103)
Profit (loss) for the period	**(968)**	**420**
Attributable to:		
Non-controlling interests	2	4
Owners of the parent	(970)	416

Annex 2: Consolidated Balance Sheet

(in millions of euros)	*30 June 2010*	*31 December 2009*
Assets		
Cash and cash equivalents	22,485	4,368
Financial assets held for trading	22,072	20,342
Financial investments	19,521	20,763
Loans and receivables banks	43,890	46,485
Loans and receivables customers	279,259	279,306
Equity accounted investments	1,112	975
Property and equipment	1,813	1,937
Goodwill and other intangible assets	475	472
Accrued income and prepaid expenses	3,500	3,532
Tax assets	1,230	1,036
Other assets	9,394	7,300
Total assets	**404,751**	**386,516**
Liabilities		
Financial liabilities held for trading	27,384	26,951
Due to banks	46,732	43,095
Due to customers	211,679	205,040
Issued debt	79,422	70,837
Subordinated liabilities	9,102	11,747
Provisions	2,127	1,328
Accrued interest and deferred income	5,747	5,980
Tax liabilities	613	453
Other liabilities	10,560	12,087
Total liabilities	**393,366**	**377,518**
Share capital	940	
Share premium	11,400	
Other reserves (incl. retained earnings / profit for the period)	(145)	9,650
Other components of equity	(1,035)	(874)
Equity attributable to shareholders of the parent company	**11,160**	**8,776**
Non-controlling interests	225	222
Total equity	**11,385**	**8,998**
Total liabilities and equity	**404,751**	**386,516**
Guarantees and other commitments	27,518	30,583
Committed credit facilities	183,924	190,703

Cautionary statement on forward-looking statements

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

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

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

- the extent and nature of future developments and continued volatility in the credit markets and their impact on the financial industry in general and ABN AMRO Group in particular;
- the effect on ABN AMRO Group ’s capital of write downs in respect of credit exposures;
- risks related to ABN AMRO Group’s merger, separation and integration process;
- general economic conditions in the Netherlands and in other countries in which ABN AMRO Bank has significant business activities or investments, including the impact of recessionary economic conditions on ABN AMRO Group 's revenues, liquidity and balance sheet;
- actions taken by governments and their agencies to support individual banks and the banking system;
- monetary and interest rate policies of the European Central Bank and G-7 central banks;
- inflation or deflation;
- unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments;
- changes in Dutch and foreign laws, regulations and taxes;
- changes in competition and pricing environments;
- inability to hedge certain risks economically;
- adequacy of loss reserves;
- technological changes;
- changes in consumer spending, investment and saving habits; and
- the success of ABN AMRO Group in managing the risks involved in the foregoing.

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