Interim Report & Quarterly Report second quarter 2015

ABN AMRO Group N.V.

Notes to the reader

Introduction

This report presents ABN AMRO's result for the second quarter of 2015 as well as for the first half year of 2015. The report contains our quarterly and first half year operating and financial review, an economic update and selected risk, capital, liquidity and funding disclosures. This report represents our Quarterly Report for the second quarter of 2015, our Interim Report 2015 and includes our Condensed Consolidated Interim Financial Statements for 2015.

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 of the results for the first six months of 2015 compared with the first six months of 2014 and of the financial position as at 30 June 2015 compared with 31 December 2014 constitute our Interim Report and are indicated separately. In addition, this report contains an analysis of our performance during the second quarter of 2015. For further details on the first quarter of 2015, please refer to our Quarterly Report for the first quarter of 2015.

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

The balance sheet line item Commercial loans has been renamed to Corporate loans in order to avoid any confusion with the Corporate Banking sub-segment Commercial Clients.

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. In addition, certain percentages in this document have been calculated using rounded figures.

In addition to this report, ABN AMRO provides the following supplementary documents for its Q2 2015 results on abnamro.com/ir.

Other publications

- statistical factsheet;
- investor call presentation;
- road show presentation.

For a download of this report or more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com.

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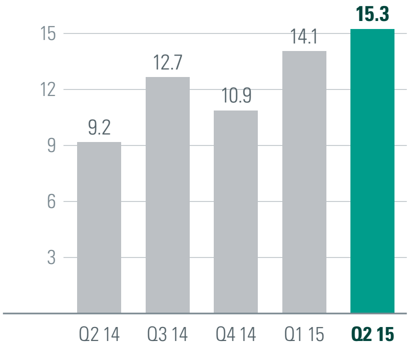
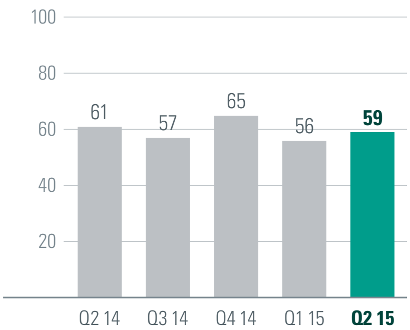
figures at a glance

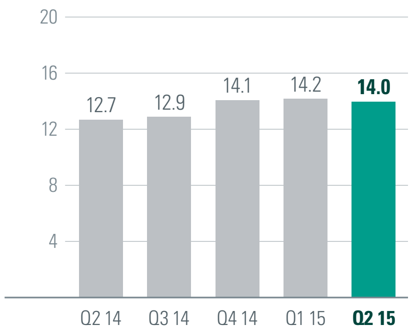
Underlying return on equity
2017 target range 9-12 (in %)



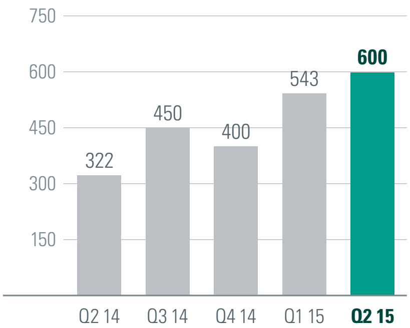
Underlying cost/income ratio
2017 target range is 56-60 (in %)



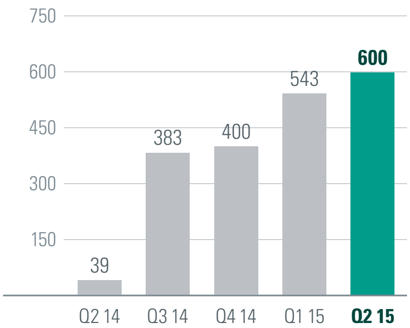
CET1 (fully-loaded)
2017 target range is 11.5-12.5 (in %)



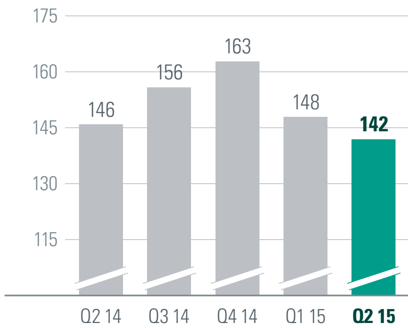
Underlying net profit
(in millions)



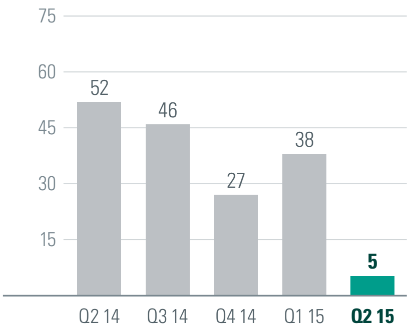
Reported net profit
(in millions)



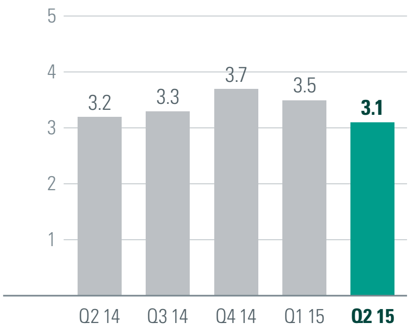
Underlying net interest margin
(in bps)



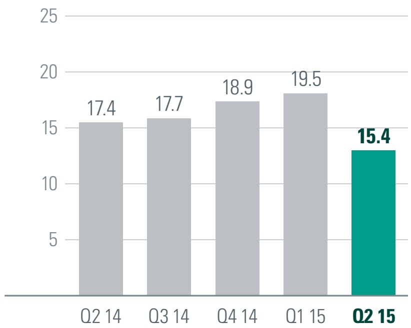
Underlying cost of risk
(in bps)



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



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



message from the Chairman of the Managing Board

ABN AMRO continued to perform well in Q2 of 2015 following a good start in Q1. With net profit coming to EUR 600 million, Q2 was the most profitable quarter since the new bank was created in 2010. The economic recovery in the Netherlands, the economy to which we are most exposed, continued. The Dutch housing market also maintained its upward trend, demonstrated by an increase in the number of transactions and house prices compared with a year ago.

As part of our strategy to invest in the future, we are accelerating our digital banking proposition to ensure that we maintain a leading offering in both mobile and internet banking. We have just rolled out the possibility of providing remote advice to Private Banking clients in the Netherlands following the succesful introduction of this service for mortgage clients in 2012. We also launched an app for the Apple watch on the day it was introduced in the Netherlands. And we are planning to offer the option to onboard new clients via mobile devices later this year.

After years of decline, the level of loan applications from small enterprises has shown a small increase this year. The quality of the supporting business plans is improving, hence the acceptance level is higher than it has been in the past two-and-a-half years. Similarly, the level of new mortgage production has been increasing and the mortgage book has shown a small increase again this year. Lending to larger corporates has been steadily increasing.

As part of our commitment to sustainable banking, ABN AMRO was the first commercial bank in the Netherlands to issue a 'euro green bond'. This product allows investors to invest in mortgages of highly energy-efficient homes, loans for solar panels on existing homes and sustainable commercial property. ABN AMRO was also voted the leading overall Benelux brokerage firm for 2015 in the Extel survey, an annual survey based on responses from 18,000 investment professionals worldwide.

In several client segments we have launched programmes to update and improve the quality of our client files and our electronic archives. This initiative is linked to our ambition to simplify the bank's IT landscape. At the same time, it allows us to comply with the expectations and requirements of both our regulators and clients.

The Dutch Minister of Finance announced in May that ABN AMRO may proceed with the preparations for an IPO. The internal preparations are well on track. The decision to proceed with the IPO and the proposed anti-takeover mechanism are subject to the necessary approvals by the regulators.

The underlying second-quarter net profit improved by 86% year-on-year to EUR 600 million on the back of an increase in the operating result and significantly lower impairments. The Return on Equity advanced from 9% to 15%. Revenues grew by 11% compared with Q2 2014 as net interest income benefited from mortgage renewals and growth in the corporate loan book. Our market share in the production of new mortgages increased to 23% in Q2 and our market share in savings was also 23%. We conducted a thorough portfolio review of an identified group of SME clients with possible interest rate derivative-related issues, for which we took a provision to resolve these issues.

Operating expenses were up by 7% compared with Q2 2014. As in the previous quarter, pension expenses rose on the back of a lower discount rate and costs of external staffing for various IT and digitisation projects increased. Nevertheless, the cost/income ratio improved from 61% to 59%. Loan impairments were exceptionally low this quarter. We saw a large release in the Incurred But Not Identified (IBNI) allowance level, caused by the general improvement of the economy. In addition, there was a release in impairments for mortgage loans and impairments for corporate loans were low this quarter. The current low level of impairments, EUR 34 million for Q2 2015, is not representative of the remainder of the year, though.

The underlying net profit of EUR 1,144 million in the first six months of 2015 results in an ROE of 14.7% and, compared with the first six months of 2014, the underlying cost/income ratio decreased by two percentage points to 57%. If we had included the expected regulatory levies equally over the four quarters (expected to be approximately EUR 250 million pre-tax, to be recorded in Q4 of this year), the cost/income ratio would have been 60% and the Return on Equity would have been 13%. The capital position (fully-loaded CET1 ratio) was 14.0% at the end of June 2015. Over the full year 2015, we intend to pay a dividend of 40% of the reported net profit, of which EUR 350 million will be paid out shortly as interim dividend.

This month, the ECB informed ABN AMRO that certain Tier 2 instruments of ABN AMRO Bank should be excluded from the total capital calculation following a ruling by the Supreme Court in the case of SNS. These changes have been made accordingly. The impact on the phased-in approach was less significant, resulting in a phased-in total capital ratio of 18.3%, whereas the fully-loaded total capital ratio declined to 15.4%. Similarly, a change in calculation of the leverage ratio as instigated by the Commission Delegated Regulation resulted in a decrease of the the fully-loaded CDR leverage ratio to 3.1%.

We are well on track to achieving the targets set for 2017 (C/I ratio of 56-60%, ROE of 9-12% and CET 1 ratio of 11.5-12.5%). In the next few years, we will continue to make investments at Retail Banking and in our core IT infrastructure. Regulatory developments, such as the Basel proposal (especially with respect to the risk-weighting of mortgages and corporate loans) and increasing capital requirements set by the regulators could have a significant impact on our capital position going forward. Hence, we will continue to focus on capital efficiency and further strengthen our capital position.

All in all, our performance, including our financial results, the outlook for the Dutch economy and the fact that preparations for the bank's IPO are on track for a possible listing later this year give us confidence in the future.

Gerrit Zalm
Chairman of the Managing Board

economic environment

Global economic growth disappointed in Q1, but subsequently recovered in Q2. This was due mainly to the US economy. The eurozone economy showed a more stable growth pattern in the first half of the year. Many emerging economies, on the other hand, disappointed.

Developments in the world economy - especially in the eurozone - are important for the open Dutch economy, as exports contribute strongly to GDP growth. Almost 60% of exported goods remain within the eurozone. Economic growth in the US and eurozone economies is expected to accelerate in H2. The eurozone is benefiting from the lower euro, lower oil prices, lower financing costs and improvements in the credit channel. In a number of countries, declining house prices have given way to a renewed rising trend, giving the domestic economies a boost.

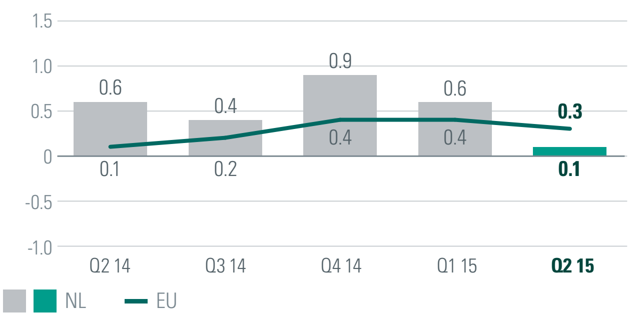
In the first half of the year, the Dutch economy continued to perform well. Exports, private consumption and private investment (especially residential investment) contributed to further growth. Hence growth is broadly based.

In H1, GDP rose by over 2% year-on-year, compared with the 1.3% year-on-year increase in the second half of 2014.

The three spending components mentioned above are expected to expand faster this year than in 2014. Exports should benefit from stable global economic growth and the much lower euro. Private consumption should be boosted by the improvement in real disposable income and stronger consumer confidence. Investment growth may rise due to higher utilisation rates, a better growth outlook, more favourable financing conditions and the improving housing market.

GDP growth is expected to be substantially higher than in 2014, with a leading role for higher consumer spending.

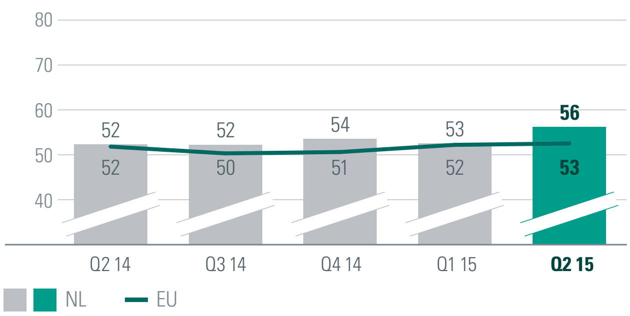
Quarterly development of Gross Domestic Product
(in % q-o-q growth)



Source: Eurostat and CBS

- GDP growth in Q2 depressed by substantially lower gas extraction;
- On a year-on-year basis, the economy expanded by more than 2% in H1;
- GDP growth is attributable to both exports and domestic demand.

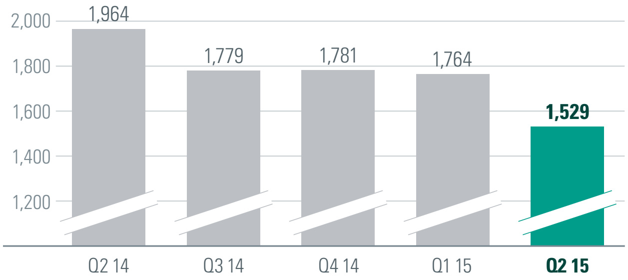
Purchasing Managers' Index
(>50: growth, <50: contraction, end-of-period)



Source: Markit

- Manufacturing PMI rose in H1, which was entirely due to the firm rise in Q2;
- At 56.2 (end of Q2), the PMI was well above '50', the turning point between contraction and growth;
- Dutch PMI improved more than the eurozone PMI in H1.

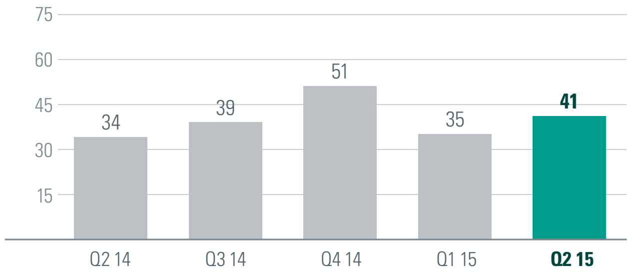
Bankruptcies in the Netherlands
(number of bankruptcies)



Source: Eurostat

- Number of bankruptcies continued to drop in Q2: -22% year-on-year (-19% year-on-year both in H1 and in 2014);
- Benefiting from better economic climate;
- Number of bankruptcies per 1,000 companies is almost back to pre-crisis level.

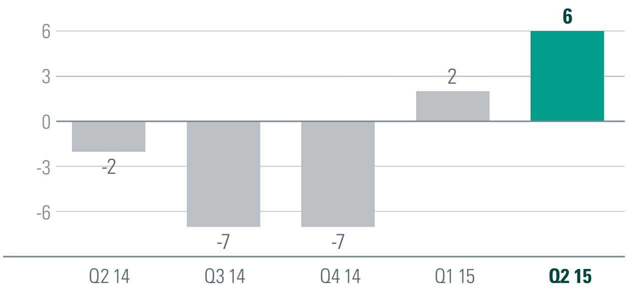
Number of houses sold in the Netherlands
(in thousands)



Source: CBS

- Number of houses sold rose by 19.5% year-on-year in Q2, following a 19.2% rise in Q1;
- House prices rose month-on-month in every single month in the first half of the year;
- In Q2 house prices rose by 2.5% year-on-year (Q1: +2.4% year-on-year).

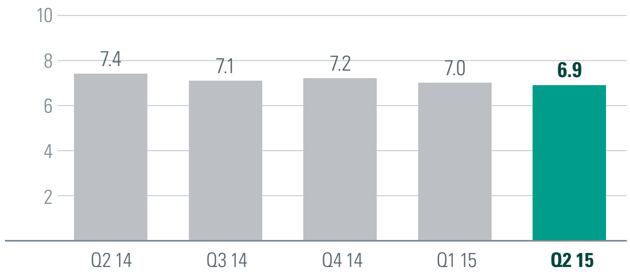
Consumer confidence
(as % balance of positive and negative answers, end-of-period), (25 year long-term average = -9)



Source: CBS

- Consumer confidence improved significantly in H1: from -7 year-end 2014 to 2 (end Q1) and then to 6 (end Q2);
- This was mainly due to a substantially more positive assessment of the economic climate;
- End of Q2 value (+6) is well above the long-term average (-8 to -9).

Unemployed in the Netherlands
(in % of total labour force, end-of-period)



Source: Eurostat

- Unemployment fell slightly both in Q1 and Q2;
- This was due to (larger) increases in the number of jobs;
- On balance, the number of people enterering and re-entering the labour market rose.

financial results

operating and financial review

This operating and financial review includes a discussion and analysis of the results of operations and sets out the financial condition of ABN AMRO Group on the basis of underlying results. For a reconciliation of reported versus underlying results, please refer to the additional financial information section of this report.

As of 2015, ABN AMRO has extended the definition of assets under management for the Group to include client assets in Retail Banking and changed the name of assets under management to client assets. Client assets include cash and securities of clients held on accounts with ABN AMRO. The evolution of client assets is explained for Private Banking.

Income statement

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	1,511	1,441	5%	1,545	-2%	3,056	2,873	6%
Net fee and commission income	456	420	8%	470	-3%	926	842	10%
Other operating income	159	56		154	3%	312	185	68%
Operating income	**2,126**	**1,917**	**11%**	**2,168**	**-2%**	**4,294**	**3,900**	**10%**
Personnel expenses	615	591	4%	619	-1%	1,233	1,156	7%
Other expenses	632	571	11%	600	5%	1,232	1,149	7%
Operating expenses	**1,247**	**1,162**	**7%**	**1,219**	**2%**	**2,465**	**2,305**	**7%**
Operating result	**879**	**755**	**16%**	**949**	**-7%**	**1,828**	**1,595**	**15%**
Impairment charges on loans and other receivables	34	342	-90%	252	-86%	287	703	-59%
Operating profit/(loss) before taxation	**845**	**413**	**104%**	**697**	**21%**	**1,542**	**892**	**73%**
Income tax expenses	244	91		154	59%	398	192	107%
Underlying profit/(loss) for the period	**600**	**322**	**86%**	**543**	**11%**	**1,144**	**700**	**63%**
Special items		-283					-350	
Reported profit/(loss) for the period	**600**	**39**		**543**		**1,144**	**351**	

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	59%	61%	56%	57%	59%
Underlying return on average Equity	15.3%	9.2%	14.1%	14.7%	10.1%
Net interest margin (NIM) (in bps)	142	146	148	145	147
Underlying cost of risk (in bps)[1]	5	52	38	21	54

	30 June 2015	31 March 2015	31 December 2014
Client Assets (in billions)	322	322	302
FTEs	22,151	22,224	22,215

[1] Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Second-quarter 2015 results

ABN AMRO's **underlying profit** for the second quarter of 2015 amounted to EUR 600 million, an increase of EUR 278 million compared with the same period last year, reflecting a sharp decline in impairments, higher net interest income and higher other non-interest income. Compared with Q1 2015, underlying profit increased EUR 57 million, mainly due to significantly lower impairment charges.

The **underlying Return on Equity (ROE)** increased to 15.3% in the second quarter of 2015, compared with 9.2% in the second quarter of 2014. If the expected regulatory levies, to be recorded in Q4 2015 (comprising the Dutch bank tax, the contribution to the European Resolution Fund and the Deposit Guarantee Scheme), had been equally divided over the quarters, ROE would have been 14% in Q2 2015.

Operating income increased by 11% to EUR 2,126 million compared with Q2 2014, driven by improved results on all line items.

Net interest income increased EUR 70 million and amounted to EUR 1,511 million in the second quarter of the year. The increase was primarily driven by improved margins on loans and, to a lesser extent, higher average corporate loan volumes. Additionally, lower funding costs favourably impacted net interest income. These developments were partly offset by non-recurring interest provisions in Retail Banking and Group Functions. As a result of these provisions, net interest income decreased compared with Q1 2015.

Margins on the mortgage book improved due to continued gradual re-pricing at higher margins. The impact of re-pricing of the mortgage book in past years continues to contribute to higher NII levels.

The average corporate loan volume grew compared with Q2 2014, mainly at International Clients. The increase was mainly driven by currency developments (USD) and, to a lesser extent, average volume growth in the ECT Clients loan portfolio. Average corporate loan volumes in Commercial Clients showed a limited decline. The margin on corporate loans improved compared with Q2 2014, both at Commercial Clients and at International Clients.

The net interest margin (NIM) in the second quarter of 2015 was 142bps, 4bps below the Q2 2014 level and 6bps below Q1 2015. The decrease was related to the abovementioned non-recurring interest provisions.

Net fee and commission income, at EUR 456 million in Q2 2015, was EUR 36 million higher than in Q2 2014. The increase was primarily recorded in Private Banking and, to a lesser extent, Corporate Banking.

Other operating income amounted to EUR 159 million in Q2 2015, up by EUR 103 million compared with Q2 2014. The increase was primarily driven by a EUR 62 million rise in CVA/DVA/FVA results compared with Q2 2014 (EUR 66 million positive in Q2 2015 versus EUR 4 million positive in Q2 2014), favourable hedge accounting-related results at Group Functions, and favourable revaluation results and divestments at Equity Participations. This was partly offset by a tax exempt provision in Group Functions related to the in 2009 discontinued part of the Securities Financing activities and a provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues, following a thorough portfolio review. ABN AMRO is in dialogue with all of the SMEs concerned.

Personnel expenses amounted to EUR 615 million in Q2 2015, an increase of EUR 24 million compared with Q2 2014. The second quarter of 2015 was impacted by EUR 18 million higher pension expenses due to lower discount rates. The second quarter of 2014 included a reorganisation provision in Corporate Banking following the outcome of a strategic review and the implementation of our sector approach.

Other expenses showed an increase of EUR 61 million to EUR 632 million in Q2 2015, mainly driven by higher project costs related to enhancing client centricity and continuous quality improvement of products and services as well as IT and back-office processes.

The **operating result** improved by 16% compared with the second quarter of 2014 to EUR 879 million and the **underlying cost/income** ratio improved by 2 percentage points to 59%. If the regulatory levies had been equally divided over the quarters, the cost/income ratio would have been 62% in Q2 2015.

Impairment charges on loans and other receivables amounted to EUR 34 million, down by EUR 308 million compared with the same quarter in 2014. The decrease in loan impairments was mainly driven by improved economic circumstances and consequently improved asset quality of the loan portfolio in the Netherlands, which also led to an Incurred But Not Identified (IBNI) release.

The impairment charges include changes in the IBNI provision. The IBNI is rebalanced quarterly, based on losses recorded in the previous 12 months. The total IBNI levels were lower, resulting in a release of EUR 107 million, mainly recorded at Retail Banking and Commercial Clients in Corporate Banking. Apart from the IBNI release, impairments were mainly lower at Retail Banking and Commercial Clients.

The impairment charges over the total mortgage book continued to decrease to a net release of 6bps for the second quarter of 2015, down from a charge of 11bps in the same quarter of the previous year, and a charge of 2bps in Q1 2015. The improved circumstances in the housing market and recovery of the Dutch economy contributed to lower inflow of clients in the impaired portfolio, increased outflow and an improvement of the risk profile of the portfolio. This, combined with a mortgage IBNI release of EUR 28 million, resulted in an overall impairment release on mortgages in Q2 2015.

Loan impairments on corporate loans also decreased sharply compared with Q2 2014. Impairments on small-sized Commercial Clients (turnover of EUR 1 million to EUR 30 million) decreased for the seventh quarter in a row, while charges on medium-sized Commercial Clients (turnover of EUR 30 million to EUR 250 million) remained stable. Impairment charges at International Clients were EUR 31 million lower than the same period previous year.

Impairment charges decreased by EUR 218 million compared with Q1 2015. Lower impairment charges were mainly recorded at Commercial Clients as the previous quarter included a single large addition. Impairment charges also declined at Retail Banking and International Clients, mainly due to the higher IBNI releases in Q2 2015.

The **underlying cost of risk** amounted to 5bps, down from 52bps in Q2 2014.

International results

ABN AMRO aims to selectively grow its international activities in line with the ambition to increase international operating income to 20-25% of total operating income in 2017.

International results are results from activities recorded in entities outside the Netherlands. Although all reporting segments contribute to the international results, Private Banking and International Clients are the main contributors.

Operating income from international activities grew by 3% compared with the second quarter of 2014 and now represents 18% of overall operating income.
The international contribution was negatively impacted by a provision related to the in 2009 discontinued part of the Securities Financing activities. Apart from the abovementioned provision, the international contribution was mainly driven by the currency impact (USD) and volume growth in the foreign ECT Clients activities, higher fee income in the international Private Banking activities due to higher client assets and higher income at Capital Markets Solutions - Clearing driven by increased market volatility.

Results for the first six months of 2015

Underlying profit for the first half of 2015 amounted to EUR 1,144 million, up EUR 444 million compared with the same period of the previous year. The increase was mainly due to higher operating income and lower loan impairments.

The **underlying Return on Equity (ROE)** increased to 14.7% in the first half of 2015, compared with 10.1% in the same period of 2014. If the expected regulatory levies to be recorded in Q4 2015, comprising the Dutch bank tax, the contribution to the European Resolution Fund, and the Deposit Guarantee Scheme, had been equally divided over the year, ROE would have been 13% in the first half of 2015.

Operating income increased by 10% to EUR 4,294 million compared with the same period of the previous year, driven by improved results on all line items.

Net interest income rose by EUR 183 million to EUR 3,056 million in the first half of 2015. The increase was primarily driven by improved margins on loans (mainly mortgages and, to a lesser extent, corporate loans) and higher average corporate loan volumes. In addition, lower funding costs favourably impacted net interest income. These developments were partly offset by non-recurring interest provisions in Retail Banking and Group Functions.

Net fee and commission income, at EUR 926 million in the first half of 2015, was EUR 84 million higher than in the first half of 2014. The increase was primarily recorded in Private Banking, due to favourable stock market performance, and in Corporate Banking, as Capital Markets Solutions included higher cleared transaction volumes.

Other operating income amounted to EUR 312 million in the first half of 2015, up by EUR 127 million compared with the same period of the previous year. The increase was primarily driven by higher CVA/DVA/FVA results (EUR 75 million positive in the first half of 2015 versus EUR 11 million negative in the first half of 2014), favourable hedge accounting-related results at Group Functions and higher tax exempt revaluation and divestment results at Equity Participations. This was partly offset by a tax exempt provision in Group Functions related to the in 2009 discontinued part of the Securities Financing activities and a provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues.

Personnel expenses amounted to EUR 1,233 million in the first half of 2015, up EUR 77 million compared with the same period of the previous year. The first half year of 2015 was impacted by higher pension expenses due to lower discount rates and a reorganisation provision at Corporate Banking.

Other expenses increased by EUR 83 million to EUR 1,232 million, mainly driven by higher project costs related to enhancing client centricity and continuously improving the quality of our products and services as well as IT and back-office processes.

The **operating result** improved by 15% compared with the same period last year to EUR 1,828 million and the **underlying cost/income ratio** improved by 2 percentage points to 57%. If the expected regulatory levies had been equally divided over the quarters, the cost/income ratio would have been 60% in the first half of 2015.

Impairment charges on loans and other receivables amounted to EUR 287 million, down by EUR 416 million compared with the same period in 2014. The decrease in loan impairments was mainly driven by improved economic circumstances and consequently improved asset quality of the loan portfolio in the Netherlands, which also resulted in lower IBNI levels.

The total IBNI levels in the first half of 2015 were lower, resulting in a release of EUR 138 million. The first half of 2014 included an addition to the IBNI allowances of EUR 109 million.

In addition, impairment charges were lower mainly at Retail Banking and small-sized Commercial Clients due to a further recovery of the Dutch economy and improved circumstances in the housing market. International Clients also recorded lower impairments. This was partly offset by higher impairment charges at medium-sized Commercial Clients mainly due to a single large addition in the first half of 2015.

Balance sheet

Condensed consolidated statement of financial position

(in millions)	30 June 2015	31 March 2015	31 December 2014
Cash and balances at central banks	15,132	5,864	706
Financial assets held for trading	6,648	13,459	9,017
Derivatives	21,262	32,389	25,285
Financial investments	41,140	44,152	41,466
Securities financing	35,526	44,479	18,511
Loans and receivables - banks	15,641	20,958	21,680
Loans and receivables - customers	266,776	268,576	261,910
Other	8,536	8,226	8,292
Total assets	**410,661**	**438,102**	**386,867**
Financial liabilities held for trading	3,602	5,192	3,759
Derivatives	24,206	38,127	30,449
Securities financing	22,592	33,752	13,918
Due to banks	17,909	20,387	15,744
Due to customers	230,322	227,229	216,011
Issued debt	79,626	82,245	77,131
Subordinated liabilities	9,938	8,639	8,328
Other	6,567	6,946	6,652
Total liabilities	**394,762**	**422,518**	**371,990**
Equity attributable to the owners of the parent company	15,885	15,571	14,865
Equity attributable to non-controlling interests	14	13	12
Total equity	**15,899**	**15,584**	**14,877**
Total liabilities and equity	**410,661**	**438,102**	**386,867**

Main developments in total assets compared with 31 March 2015

Total assets decreased to EUR 410.7 billion at 30 June 2015 from EUR 438.1 billion at 31 March 2015, mainly due to lower derivative assets, financial assets held for trading and securities financing assets, partly offset by higher cash and balances at central banks.

Cash and balances at central banks increased by EUR 9.3 billion as mandatory reserve deposits held with DNB recorded in Loans and receivables - banks were transferred to overnight deposit accounts.

Financial assets held for trading decreased by EUR 6.8 billion compared with 31 March 2015 to EUR 6.6 billion, mainly due to the wind-down of activities resulting from the strategic review of Capital Markets Solutions.

Derivative assets were down EUR 11.1 billion, mainly reflecting both the impact of movements in mid- to long-term interest rates and, to a lesser extent, the impact of movements in the currency rates. This was also observed in derivative liabilities.

Financial investments decreased by EUR 3.0 billion as a result of matured bonds.

Securities financing assets decreased by EUR 9.0 billion compared with 31 March 2015 to EUR 35.5 billion at 30 June 2015.

Loans and receivables - banks decreased by EUR 5.3 billion compared with 31 March 2015, mainly as a result of transferred mandatory reserve deposits at DNB to overnight deposits and lower collateral pledged on derivative positions.

Loans and receivables - customers

(in millions)	30 June 2015	31 March 2015	31 December 2014
Residential mortgages	148,642	148,484	148,402
Consumer loans	15,724	16,022	16,052
Corporate loans to clients[1]	82,235	81,744	80,065
Total client loans[2]	**246,602**	**246,249**	**244,519**
Loans to professional counterparties	11,499	10,545	9,635
Other loans[3]	8,421	10,309	6,777
Total Loans and receivables - customers[2]	**266,521**	**267,103**	**260,931**
Fair value adjustments from hedge accounting	4,924	6,322	5,739
Less: loan impairment allowance	4,669	4,849	4,761
Total Loans and receivables - customers	**266,776**	**268,576**	**261,910**

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

Loans and receivables - customers decreased by EUR 1.8 billion, mainly due to lower corporate loans to professional counterparties and a decline in the fair value adjustment from hedge accounting after a sharp rise in long-term interest rates. This was partly offset by higher corporate loans to clients.

Residential mortgages grew slightly compared with 31 March 2015, coming to EUR 148.6 billion. New Residential mortgage production in the Netherlands further increased compared with the previous quarter and compensated for high redemptions this quarter. The market share in new mortgage production in Q2 2015 was 23%[1].

Corporate loans to clients increased, driven by growth in the ECT Clients loan book and at Capital Markets Solution due to higher collateral pledged on derivative positions. The Commercial Clients loan book remained stable compared with 31 March 2015.

Consumer loans declined somewhat to EUR 15.7 billion.

Main developments in total liabilities compared with 31 March 2015

Total liabilities decreased by EUR 27.8 billion compared with 31 March 2015, mainly due to lower Securities financing liabilities and Derivative liabilities.

Financial liabilities held for trading were EUR 1.6 billion lower due to the wind-down of activities resulting from the strategic review of Capital Markets Solutions.

Derivative liabilities decreased by EUR 13.9 billion to EUR 24.2 billion at 30 June 2015, mainly reflecting the impact of movements in the mid- to long-term interest rates and, to a lesser extent, the impact of movements in FX rates.

Securities financing went down by EUR 11.2 billion to EUR 22.6 billion at 30 June 2015.

Due to banks decreased by EUR 2.5 billion at 30 June 2015 to EUR 17.9 billion. The decline was mainly driven by lower cash collateral related to derivatives.

1 Source: Dutch Land Registry (Kadaster).

Due to customers

(in millions)	30 June 2015	31 March 2015	31 December 2014
Retail Banking	99,375	95,540	95,915
Private Banking	67,509	65,781	62,902
Corporate Banking	60,810	62,697	54,740
Group Functions	2,629	3,211	2,454
Total Due to customers	**230,322**	**227,229**	**216,011**
Demand deposits	116,649	115,915	109,753
Saving deposits	94,552	89,844	88,655
Time deposits	18,906	21,307	17,459
Total deposits	**230,107**	**227,066**	**215,867**
Other due to customers	215	163	144
Total Due to customers	**230,322**	**227,229**	**216,011**

Due to customers increased by EUR 3.1 billion, mainly driven by higher deposits in Retail Banking due to holiday allowances and Private Banking due to a conversion from securities to cash, partly offset by lower deposits at Corporate Banking. The overall market share in retail deposits (including Private Banking) in the Netherlands was fairly stable at 23%[1].

Issued debt decreased by EUR 2.6 billion to EUR 79.6 billion. Long-term funding increased EUR 1.2 billion mainly due to EUR 3.4 billion new issued funding (especially senior unsecured), partly offset by EUR 0.9 billion matured long-term funding and FX and fair value movements. Short-term funding decreased by EUR 3.8 billion.

Subordinated liabilities increased by EUR 1.3 billion to EUR 9.9 billion after a EUR 1.5 billion Tier 2 issuance in June.

Total equity rose to EUR 15.9 billion. The increase was mainly the result of reported profit for the period, partly offset by the final dividend payment over 2014 of EUR 275 million.

Main developments of total assets and liabilities compared with 31 December 2014

Total assets increased to EUR 410.7 billion at 30 June 2015 from EUR 386.9 billion at 31 December 2014, mainly due to higher securities financing assets and increased cash and balances at central banks.

Total liabilities increased by EUR 22.8 billion compared with 31 December 2014 to EUR 394.8 billion at 30 June 2015, mainly due to higher securities financing liabilities and due to customers.

Total equity rose to EUR 15.9 billion, up by EUR 1.0 billion compared with 31 December 2014. The increase was mainly the result of reported profit for the period, partly offset by payment of the final dividend for 2014.

[1] Source: De Nederlandsche Bank (DNB).

results by segment

The Results by segment section includes a discussion and analysis of the results of operations and of the financial condition of ABN AMRO Group at segment level for the second quarter of 2015 compared with the second quarter of 2014, on the basis of underlying results. Almost all interest expenses for maintaining the liquidity buffer and subordinated capital and operating expenses incurred by Group Functions are allocated to the business lines through net interest income and other expenses, respectively.

Retail Banking

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	809	829	-3%	836	-3%	1,645	1,639	0%
Net fee and commission income	130	132	-1%	132	-1%	262	267	-2%
Other operating income	8	11	-29%	10	-24%	17	18	-2%
Operating income	**946**	**972**	**-3%**	**978**	**-3%**	**1,924**	**1,924**	**0%**
Personnel expenses	121	126	-4%	125	-3%	246	251	-2%
Other expenses	366	348	5%	368	-1%	734	711	3%
Operating expenses	**487**	**475**	**3%**	**493**	**-1%**	**980**	**962**	**2%**
Operating result	**459**	**497**	**-8%**	**485**	**-5%**	**944**	**962**	**-2%**
Impairment charges on loans and other receivables	3	128	-98%	35	-92%	38	291	-87%
Operating profit/(loss) before taxation	**456**	**369**	**24%**	**450**	**1%**	**906**	**671**	**35%**
Income tax expenses	114	91	25%	112	2%	226	166	36%
Underlying profit/(loss) for the period	**342**	**278**	**23%**	**338**	**1%**	**680**	**504**	**35%**
Special items								
Reported profit/(loss) for the period	**342**	**278**		**338**		**680**	**504**	

Retail Banking's **underlying profit** rose by EUR 64 million to EUR 342 million in Q2 2015, up 23% compared with the second quarter of 2014. This increase was the result of lower loan impairments.

Net interest income declined by 3% compared with the second quarter of the previous year, amounting to EUR 809 million in Q2 2015. The decrease in net interest income was driven by a non-recurring provision for inconsistencies in interest calculations between the bank and its business partners with respect to one of the mortgage products.

Margins on mortgages improved compared with Q2 2014, due to the gradual re-pricing of the residential mortgage book. In particular, mortgages that originated pre-crisis have low margins.

Interest income on consumer loans decreased slightly, as declining average loan volumes were only partly offset by higher margins.

Interest income on deposits decreased slightly compared with the second quarter of 2014. Slightly higher average saving volumes were offset by decreasing margins, as reinvestment yields declined at a faster pace than client savings rates.

Net fee and commission income was virtually stable compared with the same quarter of the previous year.

Personnel expenses declined by EUR 5 million or 4% due to lower average FTE levels, following a further reduction in branches. This was only partly offset by higher pension expenses.

Other expenses were up 5% to EUR 366 million in Q2 2015. Higher expenses were mainly attributable to higher allocation of IT project expenses and projects aimed at enhancing client centricity and the quality of products and services.

Operating result decreased by 8% to EUR 459 million in Q2 2015. The underlying cost/income ratio increased by 2 percentage point to 51%.

Impairment charges on loans and other receivables fell significantly, by EUR 125 million in comparison with Q2 2014, to EUR 3 million in Q2 2015. The decrease in impairments is visible in both the mortgage portfolio and the consumer loan portfolio. Impairments on the mortgage portfolio decreased on the back of improved circumstances in the housing market, and the recovery of the Dutch economy contributed to a lower inflow of clients in the impaired portfolio, increased outflow and an improvement of the portfolio's risk profile. Consumer loans benefited from active management of the portfolio of clients in arrears, leading to significantly lower loan impairments.

In addition, the positive development in the asset quality of the portfolios also led to an IBNI release of EUR 48 million, of which EUR 27 million is attributable to mortgages and EUR 21 million to consumer loans.

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	51%	49%	50%	51%	50%
Underlying cost of risk (in bps)[1]	1	32	9	5	36

	30 June 2015	31 March 2015	31 December 2014
Loan-to-Deposit ratio	153%	159%	158%
Loans and receivables - customers (in billions)	155.9	156.0	156.0
Due to customers (in billions)	99.4	95.5	95.9
Risk-weighted assets (risk exposure amount; in billions)	36.0	36.5	36.8
FTEs	5,986	6,138	6,258

1 Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Loans and receivables - customers decreased slightly compared with the previous quarter of 2015, to EUR 155.9 billion. The mortgage portfolio showed a marginal increase compared with Q1 2015, as new production was offset by total redemptions. The slight decrease in Loans and receivables - customers is accountable to lower consumer loans.

Due to customers showed a modest increase of EUR 3.9 billion compared with 31 March 2015, mainly due to a rise in deposits related to holiday allowances.

Client Assets

(in billions)	30 June 2015	31 March 2015	31 December 2014
Cash	99.4	95.5	95.9
Securities	16.6	17.7	16.0
Total Client Assets	**115.9**	**113.2**	**111.9**

Developments of the first six months 2015

Retail Banking's **underlying profit** rose by EUR 176 million to EUR 680 million in the first half of 2015, up 35% compared with the first half of 2014, as a result of lower loan impairments.

Net interest income at EUR 1,645 million remained nearly stable compared with the same period of the previous year. Net interest income was driven by improved margins on mortgages resulting from the gradual re-pricing of the mortgage book, which was offset by marginally lower average loan volumes and a provision for inconsistencies in interest calculations between the bank and its business partners with respect to one of the mortgage products.

Interest income on deposits remained nearly stable as higher average savings volumes were offset by decreasing margins as reinvestment yields declined at a faster pace than client savings rates.

Net fee and commission income at EUR 262 million in the first half of 2015 was marginally lower than in the same period of the previous year.

Personnel expenses declined by EUR 5 million or 2% due to lower average FTE levels, following a further reduction in branches. This was only partly offset by higher pension expenses.

Other expenses were up 3% to EUR 734 million in the first half of 2015. Higher expenses were mainly attributable to higher allocation of IT project expenses and projects aimed at enhancing client centricity and the quality of products and services.

Operating result decreased by 2% to EUR 944 million in the first half of 2015. The underlying cost/income ratio increased by 1 percentage point to 51%.

Impairment charges on loans and other receivables fell by EUR 253 million compared with the first half of 2014, to EUR 38 million in 2015. The decrease in impairments is visible in both the mortgage portfolio as well as the consumer loan portfolio. Improved circumstances in the housing market and the recovery of the Dutch economy contributed to a lower inflow of clients in the impaired portfolio, increased outflow and an improvement of the portfolio's risk profile.

In addition, the improvement of the Dutch economy and consequently the asset quality of the mortgage and consumer loan portfolios also led to releases from the IBNI allowances totalling EUR 70 million in the first half of 2015, while the previous year included a small IBNI addition.

Private Banking

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	141	146	-4%	152	-8%	293	292	0%
Net fee and commission income	163	132	24%	159	2%	322	265	21%
Other operating income	33	17	86%	30	8%	63	30	108%
Operating income	**336**	**296**	**14%**	**341**	**-2%**	**678**	**588**	**15%**
Personnel expenses	127	112	13%	122	4%	249	221	12%
Other expenses	131	118	11%	122	7%	253	231	9%
Operating expenses	**257**	**230**	**12%**	**244**	**5%**	**501**	**453**	**11%**
Operating result	**79**	**66**	**20%**	**97**	**-19%**	**176**	**135**	**30%**
Impairment charges on loans and other receivables	-6	14		-9	32%	-15	22	
Operating profit/(loss) before taxation	**85**	**52**	**65%**	**106**	**-20%**	**191**	**113**	**69%**
Income tax expenses	13	8	68%	19	-31%	32	17	81%
Underlying profit/(loss) for the period	**72**	**44**	**64%**	**87**	**-17%**	**159**	**95**	**67%**
Special items								
Reported profit/(loss) for the period	**72**	**44**		**87**		**159**	**95**	

Private Banking’s **underlying profit** increased by EUR 28 million compared with the second quarter of 2014 to EUR 72 million in Q2 2015. The increase was mainly driven by higher operating income and lower loan impairments, partly offset by higher expenses. The acquired German private banking activities of Credit Suisse were consolidated as of 1 September 2014.

Net interest income amounted to EUR 141 million, down by EUR 5 million compared with Q2 2014.

Net fee and commission income grew by EUR 31 million, or 24% compared with the same quarter of the previous year, to EUR 163 million in Q2 2015. Net fees increased due to higher client assets, partly due to a favourable stock market performance and additional fee income from the acquired German activities.

Other operating income in Q2 2015 was EUR 16 million higher compared with the same quarter in 2014, partly due to the sale of premises in Guernsey in Q2 2015.

Personnel expenses increased by EUR 15 million, to EUR 127 million in Q2 2015. The higher expenses were mainly attributable to the acquired German activities and FX impact. In the Netherlands, personnel expenses increased due mainly to higher pension expenses.

Other expenses increased by EUR 13 million compared with Q2 2014 due primarily to higher allocated IT project costs and projects to enhance client documentation.

Operating result was up 20% and amounted to EUR 79 million. The underlying cost/income ratio for Private Banking improved by 1 percentage point to 77% in the second quarter of 2015.

Impairment charges on loans and other receivables showed a net release of EUR 6 million, down by EUR 20 million compared with Q2 2014.

The decrease in impairment charges was driven by a EUR 6 million IBNI release and a release on a single loan file in Q2 2015.

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	77%	78%	72%	74%	77%
Underlying cost of risk (in bps)[1]	-14	36	-20	-17	28

	30 June 2015	31 March 2015	31 December 2014
Loan-to-Deposit ratio	25%	26%	26%
Loans and receivables - customers (in billions)	17.0	17.4	16.7
Due to customers (in billions)	67.5	65.8	62.9
Risk-weighted assets (risk exposure amount; in billions)	8.7	8.4	8.3
FTEs	3,671	3,655	3,599

[1] Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Loans and receivables - customers decreased by EUR 0.4 billion compared with 31 March 2015, due to a combination of net repayments of corporate loans and FX impact in the Asian activities.

Due to customers increased by EUR 1.7 billion compared with 31 March 2015. The increase in deposits was due chiefly to a conversion from securities to cash.

Client Assets

(in billions)	Q2 2015	Q1 2015	Q4 2014
Opening balance Client Assets	**209.0**	**190.6**	**187.5**
Net new assets	1.5	3.7	0.3
Market performance	-4.4	14.7	2.7
Divestments/acquisitions			
Other		-0.0	
Closing balance Client Assets	**206.1**	**209.0**	**190.6**
	30 June 2015	31 March 2015	31 December 2014
Breakdown by type			
Cash	68.2	66.3	63.6
Securities	137.9	142.7	127.0
- of which Custody	37.2	39.5	31.3
Total	**206.1**	**209.0**	**190.6**
Breakdown by geography			
The Netherlands	48%	48%	47%
Rest of Europe	42%	43%	44%
Rest of the world	9%	9%	9%

Client assets declined by EUR 2.9 billion in the second quarter to EUR 206.1 billion at 30 June 2015. The decrease was primarily due to lower market performance as the stock markets were impacted by geopolitical developments. Net new assets were EUR 1.5 billion and also included transfers of Retail Banking clients and referrals from Corporate Banking to Private Banking.

Developments in the first six months of 2015

Private Banking's **underlying profit** rose by EUR 64 million compared with the first half of 2014 to EUR 159 million in the first half of 2015. The increase was mainly driven by higher operating income and lower loan impairments, partly offset by higher expenses. The acquired German private banking activities of Credit Suisse were consolidated as of 1 September 2014.

Net interest income amounted to EUR 293 million, nearly stable compared with the same period in 2014.

Net fee and commission income grew by EUR 57 million, or 21% compared with the same period of the previous year, to EUR 322 million in the first half of 2015. Net fees increased due to higher client assets, partly due to a favourable stock market performance in combination with the additional fee income from the acquired German activities.

Other operating income in 2015 was EUR 33 million higher, partly due to the sale of premises in the first half of 2015.

Personnel expenses increased by EUR 28 million to EUR 249 million in the first half of 2015. The increase in the international activities was mainly attributable to the acquired German activities, FTE growth and FX impact. In the Netherlands, personnel expenses increased due mainly to higher pension expenses.

Other expenses increased by EUR 22 million compared with the first half of 2014 to EUR 253 million. The increase was primarily related to higher IT project cost and projects to enhance client documentation. The same period in 2014 included project costs for the acquisition in Germany.

Operating result went up by 30% to EUR 176 million. The underlying cost/income ratio for Private Banking improved by 3 percentage points to 74% in the first half of 2015.

Impairment charges on loans and other receivables showed a net release of EUR 15 million, versus EUR 22 million impairment additions in the same period in 2014. The decrease in impairment charges was driven by a EUR 15 million IBNI release in the first half of 2015 and a release on a single file.

Corporate Banking

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	543	484	12%	538	1%	1,081	968	12%
Net fee and commission income	186	166	12%	192	-3%	378	318	19%
Other operating income	91	27		73	25%	164	84	94%
Operating income	**820**	**677**	**21%**	**803**	**2%**	**1,623**	**1,370**	**18%**
Personnel expenses	163	158	3%	182	-11%	344	304	13%
Other expenses	289	263	10%	274	6%	563	518	9%
Operating expenses	**452**	**421**	**7%**	**456**	**-1%**	**907**	**823**	**10%**
Operating result	**369**	**257**	**44%**	**347**	**6%**	**716**	**547**	**31%**
Impairment charges on loans and other receivables	40	202	-80%	229	-83%	268	402	-33%
Operating profit/(loss) before taxation	**329**	**55**		**119**		**448**	**145**	
Income tax expenses	80	22		14		94	33	
Underlying profit/(loss) for the period	**249**	**32**		**105**	**138%**	**354**	**113**	
Special items								
Reported profit/(loss) for the period	**249**	**32**		**105**		**354**	**113**	

Corporate Banking's **underlying profit** increased by EUR 217 million compared with Q2 2014 to EUR 249 million in Q2 2015. The key drivers for the improvement were a strong rise in operating income and a sharp decrease in impairment charges.

Net interest income improved by EUR 59 million compared with Q2 2014 to EUR 543 million in Q2 2015. The improvement was seen at all of the sub-segments.

Commercial Clients posted a rise in net interest income of EUR 19 million to EUR 327 million in Q2 2015, benefiting from increased margins on loans and higher average deposit volumes. Average loan volumes and deposit margins, however, decreased compared with the same quarter in 2014.

Net interest income in International Clients increased by EUR 26 million compared with Q2 2014 to EUR 184 million, benefiting from growth in the ECT Clients loan portfolio and FX rate (USD) developments. This was partly offset by lower margins on deposits.

Net interest income in Capital Markets Solutions improved by EUR 15 million, mainly in Clearing, driven by increased market activity.

Net fee and commission income increased by EUR 20 million compared with Q2 2014 to EUR 186 million. Higher cleared transaction volumes in Capital Markets Solutions resulting from increased volatility in the financial markets drove fee growth, partly offset by lower fees at International Clients.

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Other operating income was up by EUR 64 million to EUR 91 million in Q2 2015. The increase was mainly driven by an improved CVA/DVA/FVA impact compared with Q2 2014 (EUR 51 million positive in Q2 2015 versus EUR 10 million positive in Q2 2014). The tax exempt revaluation and divestment results on the Equity Participations portfolio increased on the back of improved market conditions. This was partly offset by a provision for an identified group of SMEs with possible derivative-related issues.

Personnel expenses amounted to EUR 163 million, up by EUR 5 million compared with the same period last year. Personnel expenses were impacted by higher pension expenses in the Netherlands and a rise in the number of FTEs mainly within ECT Clients.

Other expenses rose by EUR 26 million compared with Q2 2014. The increase was mainly related to higher project costs for IT investments and measures taken to improve client centricity and the quality of products and services.

Operating result was EUR 369 million in Q2 2015, an increase of EUR 112 million compared with the same quarter in 2014. The **underlying cost/income ratio** improved to 55% in the second quarter of 2015, from 62% in Q2 2014.

Impairment charges on loans and other receivables amounted to EUR 40 million, a decrease of EUR 162 million compared with Q2 2014. Lower impairment charges were mainly recorded at small-sized Commercial Clients due to further improvement of the Dutch economy. In addition, an IBNI release of EUR 53 million (EUR 47 million Commercial Clients, EUR 5 million International Clients, EUR 1 million Capital Markets Solutions) was recorded in Q2 2015.

Loan impairments in Commercial Clients decreased by 75%, or EUR 133 million. Loan impairments on small-sized clients continued to decline and were substantially lower than in the same period in 2014. Loan impairments on medium-sized clients were slightly lower compared with the same period of the previous year. Compared with Q1 2015, impairment charges on Commercial Clients decreased by EUR 139 million, as Q1 included a single large addition while Q2 included the earlier mentioned IBNI release.

Loan impairments in International Clients showed a release of EUR 4 million, which is EUR 31 million lower than in Q2 2014. This mainly stems from several releases including an IBNI release. Loan impairments in ECT Clients was EUR 11 million higher, at EUR 15 million, on a total on-balance loan book of EUR 25 billion.

Loan impairments in Capital Markets Solutions were virtually zero and stable compared with Q2 2014. Compared with Q1 2015, impairment charges came down by EUR 13 million, mainly due to a single loan file in Clearing recorded in the previous quarter.

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	55%	62%	57%	56%	60%
Underlying cost of risk (in bps)[1]	17	98	102	58	98

	30 June 2015	31 March 2015	31 December 2014
Loan-to-Deposit ratio	135%	129%	143%
Loans and receivables - customers (in billions)	90.3	91.0	85.0
Due to customers (in billions)	60.8	62.7	54.7
Risk-weighted assets (risk exposure amount; in billions)	58.9	57.0	53.5
FTEs	5,008	4,996	4,995

[1] Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Loans and receivables - customers decreased to EUR 90.3 billion at 30 June 2015 compared with EUR 91.0 billion at 31 March 2015. The decline was mainly driven by lower volumes at Capital Markets Solutions, partly offset by an increase at ECT Clients by EUR 0.3 billion.

Due to customers came to EUR 60.8 billion at 30 June 2015, down EUR 1.9 billion from 31 March 2015. The decrease was mainly seen at International Clients after high deposits on 31 March 2015. This was partly offset by an increase in deposits within Capital Markets Solutions related to margin requirements in Clearing Clients.

Developments in the first six months of 2015

Corporate Banking's **underlying profit** increased by EUR 241 million to EUR 354 million in the first half of 2015. The key drivers for the improvement were a strong rise in operating income and a sharp decrease in impairment charges.

Net interest income improved by EUR 113 million to EUR 1,081 million. The improvement was seen at all of the sub-segments.

Commercial Clients posted a rise in net interest income of EUR 46 million to EUR 660 million in the first half of 2015. Commercial Clients benefited from increased margins on loans as well as higher average deposit volumes. Average loan volumes and deposit margins, however, decreased compared with the same period in 2014.

Net interest income in International Clients increased by EUR 49 million to EUR 361 million, benefiting from growth in the ECT Clients loan portfolio and FX rate developments. This was partly offset by lower margins on deposits.

Net interest income in Capital Markets Solutions improved by EUR 18 million, mainly in Clearing, driven by increased market activity.

Net fee and commission income increased by EUR 60 million compared with the same period in 2014 to EUR 378 million. Fee growth was mainly driven by higher transaction volumes in Capital Markets Solutions resulting from increased volatility in the financial markets. Corporate Finance fees were also higher on the back of increased M&A activity in the first quarter of 2015.

Other operating income was up by EUR 80 million to EUR 164 million in the first half of 2015. The increase was mainly driven by a higher CVA/DVA/FVA impact compared with the same period in 2014 (EUR 41 million positive in the first half of 2015 versus EUR 7 million negative in the first half of 2014). Results further improved driven by volatility in the financial markets and favourable revaluation and divestment results on the Equity Participations portfolio, which increased on the back of improved market conditions. This was partly offset by a provision for possible derivative-related issues for a group of SMEs.

Personnel expenses amounted to EUR 344 million, up by EUR 40 million compared with the same period last year. Personnel expenses were impacted by higher pension expenses, a EUR 19 million restructuring provision following the revised business segmentation within Corporate Banking and growth of the number of FTEs, mainly within ECT Clients. The same period in 2014 included a provision following the strategic review at Capital Markets Solutions and the implementation of the sector approach at Commercial Clients.

Other expenses grew by EUR 45 million compared with the same period in 2014. The increase was mainly related to higher allocated project costs for IT investments and projects to enhance client centricity and the quality of products and services.

Operating result was EUR 716 million in the first half of 2015, an increase of EUR 169 million compared with the same period in 2014. The **underlying cost/income** ratio improved to 56% in the first half of 2015, from 60% in the same period of 2014.

Impairment charges on loans and other receivables amounted to EUR 268 million, down by EUR 134 million compared with the same period in 2014. Impairment charges on small-sized Commercial Clients decreased significantly and, to a lesser extent, impairments on International Clients decreased as well, partly driven by lower IBNI levels. Impairments on medium-sized Commercial Clients were up compared with the first half of 2014 due to a single large addition.

Corporate Banking - Commercial Clients

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	327	308	6%	333	-2%	660	614	8%
Net fee and commission income	50	51	-3%	53	-6%	103	97	6%
Other operating income	7	4	55%	9	-26%	15	12	32%
Operating income	**383**	**364**	**5%**	**395**	**-3%**	**778**	**722**	**8%**
Operating expenses	**202**	**189**	**7%**	**209**	**-3%**	**412**	**371**	**11%**
Operating result	**181**	**174**	**4%**	**186**	**-3%**	**367**	**352**	**4%**
Impairment charges on loans and other receivables	44	177	-75%	183	-76%	227	339	-33%
Operating profit/(loss) before taxation	**136**	**-2**		**3**		**139**	**12**	
Income tax expenses	34	-1				34	1	
Underlying profit/(loss) for the period	**102**	**-1**		**3**		**105**	**11**	
Special items								
Reported profit/(loss) for the period	**102**	**-1**		**3**		**105**	**11**	

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	53%	52%	53%	53%	51%
Underlying cost of risk (in bps)[1]	44	168	180	112	161

	30 June 2015	31 March 2015	31 December 2014
Loans and receivables - customers (in billions)	38.1	37.8	38.1
Due to customers (in billions)	32.8	33.4	31.7
Risk-weighted assets (risk exposure amount; in billions)	22.3	21.5	20.8

[1] Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Corporate Banking - International Clients

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	184	158	17%	177	4%	361	312	16%
Net fee and commission income	51	56	-10%	62	-18%	112	109	3%
Other operating income	21	-22		31	-33%	53	-0	
Operating income	**256**	**193**	**33%**	**270**	**-5%**	**526**	**421**	**25%**
Operating expenses	**117**	**114**	**3%**	**127**	**-8%**	**245**	**225**	**9%**
Operating result	**139**	**78**	**77%**	**143**	**-3%**	**281**	**196**	**44%**
Impairment charges on loans and other receivables	-4	27		34		30	64	-53%
Operating profit/(loss) before taxation	**143**	**51**		**109**	**31%**	**251**	**132**	**90%**
Income tax expenses	30	20	50%	11		42	28	49%
Underlying profit/(loss) for the period	**112**	**31**		**98**	**15%**	**210**	**104**	**101%**
Special items								
Reported profit/(loss) for the period	**112**	**31**		**98**		**210**	**104**	

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	46%	59%	47%	46%	53%
Underlying cost of risk (in bps)[1]	-5	40	42	18	47

	30 June 2015	31 March 2015	31 December 2014
Loans and receivables - customers (in billions)	33.8	33.8	32.2
Due to customers (in billions)	18.5	20.7	16.7
Risk-weighted assets (risk exposure amount; in billions)	23.7	21.2	19.9

[1] Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Corporate Banking - Capital Markets Solutions

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	33	18	83%	28	19%	60	42	43%
Net fee and commission income	86	59	46%	77	11%	163	111	46%
Other operating income	63	45	42%	33	95%	96	73	31%
Operating income	**182**	**121**	**50%**	**137**	**32%**	**319**	**227**	**41%**
Operating expenses	**132**	**117**	**13%**	**119**	**11%**	**251**	**227**	**10%**
Operating result	**50**	**4**		**19**		**69**	**-0**	
Impairment charges on loans and other receivables	-1	-2	56%	12		11	-1	
Operating profit/(loss) before taxation	**51**	**6**		**7**		**58**	**1**	
Income tax expenses	16	3		3		19	3	
Underlying profit/(loss) for the period	**35**	**3**		**4**		**39**	**-2**	
Special items								
Reported profit/(loss) for the period	35	3		4		39	-2	

Other indicators

	Q2 2015	Q2 2014	Q1 2015	First half 2015	First half 2014
Underlying cost/income ratio	73%	97%	86%	78%	100%
Underlying cost of risk (in bps)[1]	-2	-6	29	12	-2

	30 June 2015	31 March 2015	31 December 2014
Financial assets held for trading (in billions)	6.5	13.4	8.9
Loans and receivables - customers (in billions)	18.4	19.4	14.7
Financial liabilities held for trading (in billions)	3.6	5.2	3.8
Due to customers (in billions)	9.5	8.6	6.3
Risk-weighted assets (risk exposure amount; in billions)	12.9	14.2	12.8

[1] Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Group Functions

Operating results

(in millions)	Q2 2015	Q2 2014	Change	Q1 2015	Change	First half 2015	First half 2014	Change
Net interest income	18	-19		19	-0%	37	-26	
Net fee and commission income	-23	-9		-14	-71%	-37	-9	
Other operating income	28	1		41	-33%	69	53	29%
Operating income	**23**	**-27**		**46**	**-50%**	**69**	**19**	
Personnel expenses	204	195	5%	190	7%	394	379	4%
Other expenses	-154	-158	3%	-164	6%	-317	-312	-2%
Operating expenses	**50**	**37**	**36%**	**26**	**92%**	**77**	**67**	**14%**
Operating result	**-28**	**-64**	**57%**	**20**		**-8**	**-49**	**84%**
Impairment charges on loans and other receivables	-2	-2	-5%	-2	15%	-4	-12	65%
Operating profit before taxation	**-26**	**-63**	**59%**	**22**		**-3**	**-36**	**91%**
Income tax expenses	37	-31		9		46	-25	
Underlying profit/(loss) for the period	**-63**	**-32**	**-96%**	**13**		**-49**	**-12**	
Special items		-283					-350	
Reported profit/(loss) for the period	**-63**	**-315**		**13**		**-49**	**-362**	

The **underlying result** of Group Functions was a loss of EUR 63 million in the second quarter of 2015. This is a decline of EUR 31 million compared with Q2 2014.

Net interest income increased by EUR 37 million compared with the same period last year. The rise was mainly driven by lower funding costs due to lower spread levels paid for new funding. This was partly offset by a tax exempt non-recurring provision related to the in 2009 discontinued part of the Securities Financing activities.

Net fee and commission income decreased by EUR 14 million, mainly driven by higher fees paid to Capital Markets Solutions related to Securities Financing results. The client-related part of the operating income of Securities Financing is allocated to Capital Markets Solutions via net fee and commission income.

Other operating income went up by EUR 27 million compared with the same period of the previous year. The increase was mainly driven by EUR 20 million favourable CVA/DVA adjustments on the trading book loans (EUR 15 million positive in Q2 2015, EUR 5 million negative in Q2 2014) and higher hedge accounting-related results. This was partly offset by a tax exempt provision related to the in 2009 discontinued part of the Securities Financing activities.

Personnel expenses were EUR 204 million in the second quarter of 2015, up EUR 9 million compared with Q2 2014. This increase was mainly driven by higher pension expenses and growth of the number of FTEs.

Other expenses increased by EUR 4 million compared with the same period in 2014. IT project costs increased compared with the second quarter of 2014 mainly due to the TOPS 2020 programme.

The same period in 2014 included Asset Quality Review (AQR) expenses. The majority of expenses are allocated to the commercial segments.

Other expenses include the allocation of Group Functions' operating expenses to the business segments as negative expenses.

Other indicators

	30 June 2015	31 March 2015	31 December 2014
Securities financing - assets	28.6	36.7	14.5
Loans and receivables - customers (in billions)	3.6	4.2	4.2
Securities financing - liabilities	19.8	30.9	12.6
Due to customers (in billions)	2.6	3.2	2.5
Risk-weighted assets (risk exposure amount; in billions)	11.3	11.5	11.0
FTEs	7,486	7,435	7,362

Securities financing assets and liabilities decreased by EUR 8.1 billion and EUR 11.1 billion respectively compared with 31 March 2015.

Developments in the first six months of 2015

The **underlying result** of Group Functions was a EUR 49 million loss in the first half of 2015. This is a decline of EUR 37 million compared with the first half of 2014.

Net interest income rose by EUR 63 million compared with the same period last year. The increase was mainly driven by lower funding costs due to lower spread levels paid for new funding. This was partly offset by a tax exempt non-recurring provision related to the in 2009 discontinued part of the Securities Financing activities.

Net fee and commission income decreased by EUR 28 million, mainly driven by higher fees paid to Capital Markets Solutions related to Securities Financing results.

Other operating income rose by EUR 16 million compared with the same period in 2014. The increase was mainly driven by favourable CVA/DVA adjustments on the trading book loans (EUR 33 million positive in the first half of 2015 and EUR 4 million negative in the first half of 2014) and significantly higher hedge accounting-related results. This was mainly offset by a tax exempt provision related to the in 2009 discontinued part of the Securities Financing activities.

Personnel expenses came to EUR 394 million in the first half of 2015, up EUR 15 million compared with the same period of 2014. This increase was mainly driven by higher pension expenses and increased FTEs.

Other expenses decreased by EUR 5 million compared with the same period in 2014. IT project costs increased compared with the first half of 2014 mainly due to the TOPS 2020 program. The same period in 2014 was impacted by AQR project expenses. The majority of expenses are allocated to the commercial segments. Other expenses include allocation of Group Functions' operating expenses to the business segments as negative expenses.

Securities financing assets and liabilities increased by EUR 14.1 billion and EUR 7.2 billion respectively compared with 31 December 2014. This was related to the cyclicality of the business.

additional financial information

Overview of results in the last five quarters

The following table provides an overview of the quarterly results.

Quarterly results

(in millions)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net interest income	1,511	1,545	1,620	1,530	1,441
Net fee and commission income	456	470	431	419	420
Other operating income	159	154	95	61	56
Operating income	**2,126**	**2,168**	**2,145**	**2,009**	**1,917**
Personnel expenses	615	619	650	591	591
Other expenses	632	600	748	557	571
Operating expenses	**1,247**	**1,219**	**1,397**	**1,147**	**1,162**
Operating result	**879**	**949**	**748**	**862**	**755**
Impairment charges on loans and other receivables	34	252	181	287	342
Operating profit/(loss) before taxation	**845**	**697**	**567**	**575**	**413**
Income tax expenses	244	154	167	125	91
Underlying profit/(loss) for the period	**600**	**543**	**400**	**450**	**322**
Special items				-67	-283
Reported profit/(loss) for the period	**600**	**543**	**400**	**383**	**39**

Difference between underlying and reported results

To provide a better understanding of the underlying results, ABN AMRO has adjusted its 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. As of 2014, ABN AMRO has a higher materiality threshold to qualify as a special item.

Adjustments include past results from material divestments and the related transaction result. No material divestments took place in the reported periods in this report.

The following table presents the reconciliation from underlying to reported results.

Reconciliation from underlying to reported results

(in millions)	Q2 2015 Under-lying	Q2 2015 Special items	Q2 2015 Reported	Q2 2014 Under-lying	Q2 2014 Special items	Q2 2014 Reported	Q1 2015 Under-lying	Q1 2015 Special items	Q1 2015 Reported
Net interest income	1,511		1,511	1,441		1,441	1,545		1,545
Net fee and commission income	456		456	420		420	470		470
Other operating income	159		159	56		56	154		154
Operating income	**2,126**		**2,126**	**1,917**		**1,917**	**2,168**		**2,168**
Personnel expenses	615		615	591	288	879	619		619
Other expenses	632		632	571	67	638	600		600
Operating expenses	**1,247**		**1,247**	**1,162**	**355**	**1,517**	**1,219**		**1,219**
Operating result	**879**		**879**	**755**	**-355**	**400**	**949**		**949**
Impairment charges on loans and other receivables	34		34	342		342	252		252
Operating profit/(loss) before taxation	**845**		**845**	**413**	**-355**	**58**	**697**		**697**
Income tax expenses	244		244	91	-72	19	154		154
Profit/(loss) for the period	**600**		**600**	**322**	**-283**	**39**	**543**		**543**

(in millions)	First half 2015 Underlying	First half 2015 Special items	First half 2015 Reported	First half 2014 Underlying	First half 2014 Special items	First half 2014 Reported
Net interest income	3,056		3,056	2,873		2,873
Net fee and commission income	926		926	842		842
Other operating income	312		312	185		185
Operating income	**4,294**		**4,294**	**3,900**		**3,900**
Personnel expenses	1,233		1,233	1,156	288	1,444
Other expenses	1,232		1,232	1,149	134	1,283
Operating expenses	**2,465**		**2,465**	**2,305**	**422**	**2,727**
Operating result	**1,828**		**1,828**	**1,595**	**-422**	**1,173**
Impairment charges on loans and other receivables	287		287	703		703
Operating profit/(loss) before taxation	**1,542**		**1,542**	**892**	**-422**	**470**
Income tax expenses	398		398	192	-72	120
Profit/(loss) for the period	**1,144**		**1,144**	**700**	**-350**	**351**

Special items

(in millions)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Operating income						
Total impact on Operating Income						
Operating expenses						
Pension settlement charge					288	
SNS Levy				67	67	67
Total impact on Operating expenses				**67**	**355**	**67**
Loan impairments						
Total impact on Loan impairments						
Total impact on Income tax expenses					**-72**	
Total impact on result for the period				**-67**	**-283**	**-67**

The SNS levy amounted to a total of EUR 201 million recorded in 2014, spread over the first three quarters of 2014.

risk, funding & capital information

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.

Key developments

Key figures

	30 June 2015	31 March 2015	31 December 2014
Total assets	410,661	438,102	386,867
Of which Residential mortgages	151,770	152,210	151,998
Of which Consumer loans	15,084	15,379	15,398
Of which Corporate loans	91,502	90,811	87,866
Total Exposure at Default (EAD)	377,587	365,039	350,762
Total RWA (REA)/total EAD	30.4%	31.1%	31.3%
Regulatory capital			
Total RWA (REA)	114,930	113,407	109,647
Of which Credit risk[1]	92,742	91,331	87,667
Of which Operational risk	16,227	16,227	16,168
Of which Market risk	5,961	5,849	5,811
Fully-loaded CET1 ratio	14.0%	14.2%	14.1%
Fully-loaded leverage ratio	3.1%	3.5%	3.7%
Credit quality indicators			
Forbearance ratio	3.4%	3.3%	3.1%
Past due ratio	1.7%	1.8%	2.1%
Cost of risk (year to date, in bps) - reported[2]	21	38	45
Cost of risk (year to date, in bps) - underlying[2]	21	38	45
Coverage ratio	57.3%	55.5%	53.6%
Impaired ratio	1.6%	1.7%	1.8%
Liquidity and funding indicators			
Loan-to-Deposit ratio	111.1%	112.4%	116.5%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%

1 RWA (REA) for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2015 amounted to EUR 1.2 billion (31 March 2015 EUR 2.0 billion; 31 December 2014 EUR 1.3 billion).
2 Cost of risk consists of annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables - customers.

Second-quarter developments

The Dutch economy continued to recover in the second quarter of 2015. The current forecast for GDP growth in the Netherlands for the full year is estimated at 2.3%[1]. All market sectors are back on a growth track.

The improved economic conditions combined with intensive monitoring of our clients and a well balanced portfolio intake are reflected in a substantial decline in impairment charges, releases for IBNI allowances, lower amounts in arrears and a lower volume of impaired exposures.

1 Source: Dutch Economy in Focus (ABN AMRO Group Economics, 8 July 2015).

The decline in impairment charges is clearly reflected in the decreasing underlying cost of risk ratio. Total impairment charges on loans and other receivables declined by EUR 308 million, amounting to EUR 34 million in Q2 2015, compared with EUR 342 million in the same period last year. This decline was mainly driven by lower impairment charges in the Corporate loans portfolio and, to a lesser extent, Residential mortgages and Consumer loans. Corporate loans declined mainly within the small-sized Commercial Clients portfolio, as a resullt of several measures which had been taken to increase risk awareness, while acceptance criteria were tightened and files with a higher risk profile were proactively managed.

Furthermore the impairment charges declined due to the improved economic circumstances and a release for IBNI allowance of EUR 107 million.

The Residential mortgage portfolio including fair value adjustment for hedge accounting declined by EUR 0.4 billion, amounting to EUR 151.8 billion at 30 June 2015. Excluding the fair value adjustment for hedge accounting, the Residential mortgage portfolio increased slightly. The Consumer loans portfolio decreased slightly, amounting to EUR 15.1 billion at 30 June 2015. The Corporate loans portfolio increased slightly to EUR 91.5 billion at 30 June 2015, compared with EUR 90.7 billion at 31 March 2015.

The forbearance ratio and the past due ratio remained fairly stable in the second quarter of 2015 compared with the first quarter of 2015. The coverage ratio increased to 57.3%, compared with 55.5% at 31 March 2015. The impaired ratio slightly decreased to 1.6%.

Total RWA (REA) increased by EUR 1.5 billion, amounting to EUR 114.9 billion at 30 June 2015, compared with EUR 113.4 billion at 31 March 2015. The movement is largely allocated to credit risk. The RWA (REA) increase was mainly the result of an RWA (REA) rise of EUR 1.8 billion in Corporate Banking, which was partly offset by a decline in Retail Banking.

Total Exposure at Default increased to EUR 377.6 billion at 30 June 2015, up by EUR 12.5 billion compared with 31 March 2015. The increase was mainly driven by a rise in Group Functions of EUR 7.4 billion, which was caused by a rise in deposits at central banks. Furthermore an increase within Corporate Banking of EUR 1.9 billion and, to a lesser extent, an increase in Retail Banking. The increase in Retail Banking was mainly accountable to a change in the EAD calculation of one of our Residential mortgage labels.

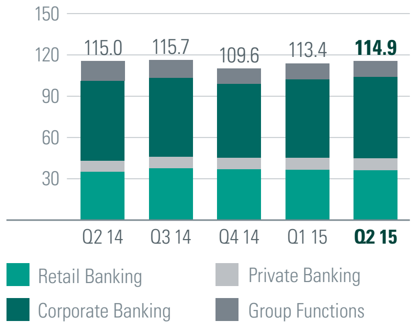
The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% at 30 June 2015.

The Loan-to-Deposit ratio improved to 111.1% at 30 June 2015 compared with 112.4% at 31 March 2015. This was largely due to an increase in saving deposits.

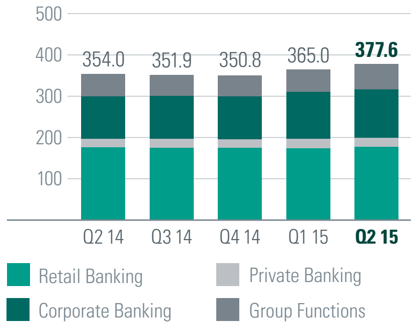
The fully-loaded Common Equity Tier 1 ratio fell by 0.2percentage points between 31 March 2015 and 30 June 2015, arriving at 14.0% and remaining comfortably above regulatory minimum requirements. The fully-loaded CDR leverage ratio decreased to 3.1%. The ratio decreased as a result of a considerable increase in the exposure measure. Over the quarter, the fully-loaded total capital ratio decreased from 19.5% to 15.4%.

Quarterly developments

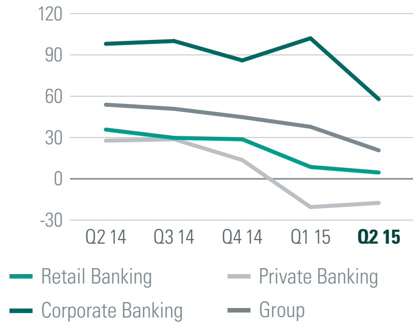
RWA (REA) per business segment
(end-of-period, in billions)



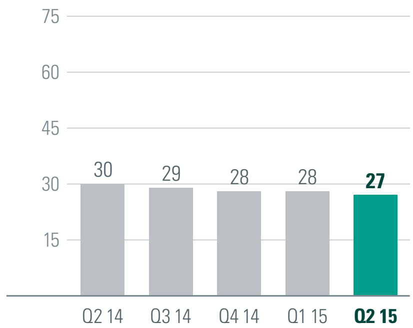
EAD per business segment
(end-of-period, in billions)



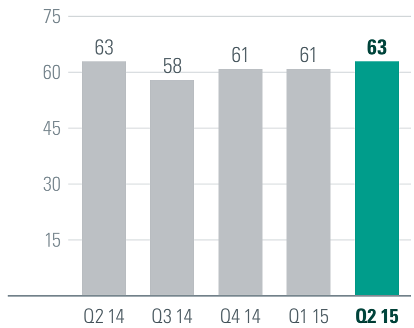
Cost of risk per business segment
(in bps)



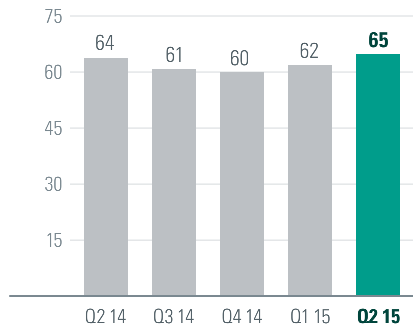
Coverage ratio
Residential mortgages (in %)



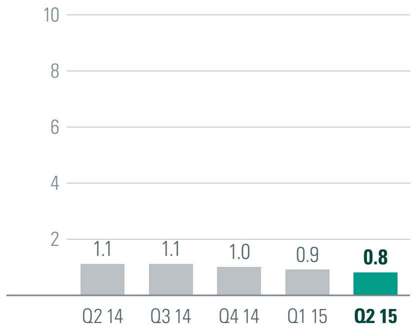
Consumer loans (in %)



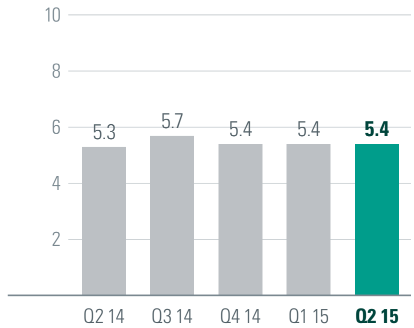
Corporate loans (in %)



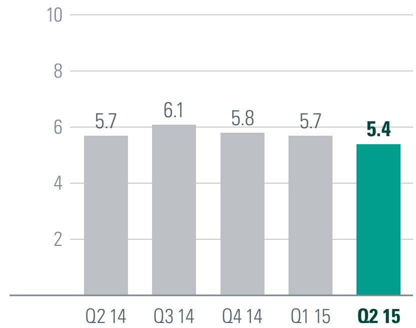
Impaired ratio
Residential mortgages (in %)



Consumer loans (in %)



Corporate loans (in %)



Developments over the first six months

In the first half of 2015, the decline in impairment charges is clearly reflected in the decreasing underlying cost of risk ratio. Total impairment charges on loans and other receivables declined by EUR 416 million, amounting to EUR 287 million, compared with EUR 703 million in the same period last year. This decline was mainly driven by lower impairment charges in the Corporate loans portfolio and the Residential mortgages and, to a lesser extent, Consumer loans. Corporate loans declined mainly within the small-sized Commercial Clients portfolio, as a result of several measures which had been taken to increase risk awareness, while acceptance criteria were tightened and files with a higher risk profile were proactively managed. Furthermore, impairment charges declined due to improved economic circumstances and a release of EUR 138 million for IBNI allowances.

The Residential mortgage portfolio including a fair value adjustment for hedge accounting declined slightly by

EUR 0.2 billion, arriving at EUR 151.8 billion. Excluding the fair value adjustment for hedge accounting, the Residential mortgage portfolio increased slightly. The Consumer loans portfolio also decreased slightly, amounting to EUR 15.1 billion at 30 June 2015.

The Corporate loans portfolio increased by EUR 3.8 billion, amounting to EUR 91.5 billion at 30 June 2015, compared with EUR 87.9 billion at 31 December 2014. This increase was mainly accountable to an increase in the ECT Clients portfolio.

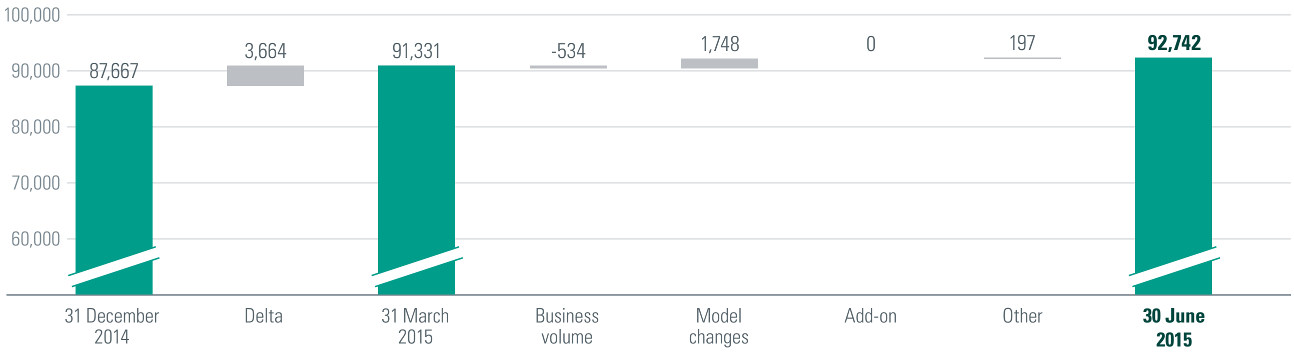
The forbearance ratio increased slightly to 3.4%, compared with 3.1% at year end, due chiefly to the inflow of new forborne clients within the Corporate loans portfolio, which mainly relates to permanently adjusted payment arrangements within the performing portfolio. Past due ratio declined from 2.1% to 1.7% in the first half of 2015, mainly due to the combination of successful active management of the portfolio in arrears and the further improvement of the Dutch economy. The coverage ratio increased to 57.3% compared with 53.6% at year-end 2014. The impaired ratio slightly decreased to 1.6% at 30 June 2015.

Total RWA (REA) increased by EUR 5.3 billion, arriving at EUR 114.9 billion at 30 June 2015, compared with EUR 109.6 billion at 31 December 2014. This rise relates mainly to credit risk. The RWA (REA) increase was mainly the result of a EUR 5.4 billion increase in Corporate Banking, which was partly offset by a RWA (REA) decrease in Retail Banking.

Total Exposure at Default increased to EUR 377.6 billion at 30 June 2015, compared with EUR 350.8 billion at 31 December 2014, representing an increase of EUR 26.8 billion. The increase was mainly driven by a EUR 12.3 billion rise in Corporate Banking and a EUR 11.1 billion rise in Group Functions, caused by a rise in deposits at central banks.

Credit risk

RWA (REA) flow statement credit risk
(in millions)



RWA (REA) increased to EUR 92.7 billion at 30 June 2015, mainly due to a change in model updates which resulted in a RWA (REA) increase of EUR 1.7 billion, mainly within Corporate Banking.

Credit risk mitigation

Collateral & guarantees received as security as at 30 June 2015 Reviewed

								30 June 2015
		Collateral received						
(in millions)	Carrying amount	Master netting agreement[3]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[4]	Net exposure[5]
Loans and receivables - banks	15,641	7,098	329			7,427		8,214
Loans and receivables - customers								
Residential mortgages[1]	151,770	17	92	208,281	4,855	213,244	73,622	12,149
Consumer loans	15,084	105	4,663	5,304	33	10,105	1,443	6,422
Corporate loans[1]	86,205	4,733	26,279	38,805	8,827	78,643	18,943	26,505
Other loans and receivables - customers[2]	13,717	1,247	4,124	3,007	1,922	10,299	2,183	5,601
Total Loans and receivables - customers	**266,776**	**6,102**	**35,157**	**255,396**	**15,636**	**312,292**	**96,192**	**50,677**
Total Loans and receivables	**282,417**	**13,200**	**35,487**	**255,396**	**15,636**	**319,719**	**96,192**	**58,891**
Other assets	128,244	17,559	37,961	24	161	55,705	4,755	77,294
Total assets	**410,661**	**30,758**	**73,448**	**255,420**	**15,797**	**375,424**	**100,947**	**136,185**

1 Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 The Master netting agreement amount presents legal netting rights and cash collateral.
4 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
5 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Collateral & guarantees received as security as at 31 March 2015

	31 March 2015							
		Collateral received						
(in millions)	Carrying amount	Master netting agree-ment[3]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[4]	Net exposure[5]
Loans and receivables - banks	20,958	12,560				12,560		8,398
Loans and receivables - customers								
Residential mortgages[1]	152,210	17	104	206,748	5,044	211,912	72,928	13,225
Consumer loans	15,379	62	4,725	5,320	38	10,145	1,400	6,633
Corporate loans[1]	85,617	2,843	27,760	36,847	8,762	76,211	18,226	27,632
Other loans and receivables - customers[2]	15,370	2,197	4,082	2,899	2,699	11,877	2,317	5,810
Total Loans and receivables - customers	**268,576**	**5,118**	**36,671**	**251,813**	**16,543**	**310,145**	**94,870**	**53,301**
Total Loans and receivables	**289,533**	**17,678**	**36,671**	**251,813**	**16,543**	**322,705**	**94,870**	**61,699**
Other assets	148,568	26,419	44,023	24	163	70,628	4,335	82,275
Total assets	**438,102**	**44,096**	**80,695**	**251,837**	**16,706**	**393,333**	**99,205**	**143,974**

1 Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 The Master netting agreement amount presents legal netting rights and cash collateral.
4 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
5 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Collateral & guarantees received as security as at 31 December 2014 Reviewed

	31 December 2014							
		Collateral received						
(in millions)	Carrying amount	Master netting agree-ment[3]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[4]	Net exposure[5]
Loans and receivables - banks	21,680	9,850				9,850		11,830
Loans and receivables - customers								
Residential mortgages[1]	151,998	25	98	205,730	5,072	210,925	71,635	12,708
Consumer loans	15,398	139	4,361	5,260	48	9,807	1,422	7,013
Corporate loans[1]	82,860	3,121	26,146	30,749	8,434	68,450	18,083	32,494
Other loans and receivables - customers[2]	11,654	1,585	4,008	2,866	2,488	10,946	2,287	2,994
Total Loans and receivables - customers[1]	**261,910**	**4,870**	**34,613**	**244,605**	**16,041**	**300,129**	**93,427**	**55,208**
Total Loans and receivables	**283,590**	**14,720**	**34,613**	**244,605**	**16,041**	**309,979**	**93,427**	**67,038**
Other assets	103,277	19,538	19,833		188	39,559	1,829	65,546
Total assets	**386,867**	**34,258**	**54,446**	**244,605**	**16,229**	**349,538**	**95,256**	**132,585**

1 Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.
3 The Master netting agreement amount presents legal netting rights and cash collateral.
4 Surplus collateral is the amount of over-collateralisation, calculated on an individual basis.
5 Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.

Second quarter developments

Total net exposure of total loans and receivables in Q2 2015 decreased by EUR 2.8 billion, from EUR 61.7 billion at 31 March 2015 to EUR 58.9 billion at 30 June 2015.

Total risk mitigation for Residential mortgages increased by EUR 1.3 billion, amounting to EUR 213.2 billion at 30 June 2015, compared with EUR 211.9 billion at 31 March 2015. This rise was mainly a result of the indexation of housing prices.

Within Corporate loans, the carrying amount increased slightly to EUR 86.2 billion at 30 June 2015, a rise of EUR 0.6 billion compared with 31 March 2015. Total risk mitigation within Corporate loans rose by EUR 2.4 billion to EUR 78.6 billion at 30 June 2015, compared with EUR 76.2 billion at 31 March 2015. This increase was accountable to an increase of EUR 2.0 billion in Property & equipment resulting from new client lending. Other movements were an increase in the master netting agreements by EUR 1.9 billion, offset by a decrease of EUR 1.5 billion in Financial instruments collateral. Furthermore, net exposure declined by EUR 1.1 billion. Surplus collateral increased by EUR 0.7 billion to EUR 18.9 billion at 30 June 2015, compared with EUR 18.2 billion at 31 March 2015.

The net exposure of Other loans and receivables - customers remained fairly stable.

Developments over the first six months Reviewed

Total net exposure of total loans and receivables decreased by EUR 8.1 billion in the first half of 2015, from EUR 67.0 billion at 31 December 2014 to EUR 58.9 billion at 30 June 2015.

Within the Residential mortgages, total risk mitigation increased by EUR 2.3 billion compared with year-end 2014, arriving at EUR 213.2 billion at 30 June 2015. This rise was mainly a result of the indexation of the housing prices.

Total risk mitigation within Corporate loans increased by EUR 10.2 billion compared with 31 December 2014, amounting to EUR 78.6 billion at 30 June 2015. The increase was mainly accountable to an increase of EUR 8.1 billion in Property & equipment, mainly resulting from improved collateral reporting and new client lending, which largely explains the decline in net exposure by EUR 6.0 billion.

Management of forborne, past due and impaired loans

Forborne loans

The following table provides an overview of forborne assets, broken down into performing and non-performing assets, specified by type of forbearance measure.

Clients in (potential) financial difficulty, for whom contract amendments that are considered concessions on the part of the bank have been made since 1 January 2012, are accounted for as forborne assets. Contracts that are in a recovery phase at the reporting date are not considered forborne.

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Overview forbearance as at 30 June 2015 Reviewed

										30 June 2015	
		Performing assets				Non-performing assets				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables - banks	15,641										0.0%
Loans and receivables - customers											
Residential mortgages[1]	152,173	1,083	26	158	1,267	475	10	35	520	1,787	1.2%
Consumer loans	15,724	149	74	145	368	106	38	57	201	568	3.6%
Corporate loans[1]	89,702	1,312	1,233	1,756	4,301	565	1,057	1,021	2,643	6,943	7.7%
Other loans and receivables - customers[2]	13,847	116	18		135	203	14		217	351	2.5%
Total Loans and receivables - customers	**271,446**	**2,660**	**1,351**	**2,059**	**6,070**	**1,349**	**1,119**	**1,112**	**3,580**	**9,650**	**3.6%**
Total Loans and receivables[1]	**287,087**	**2,660**	**1,351**	**2,059**	**6,070**	**1,349**	**1,119**	**1,112**	**3,580**	**9,650**	**3.4%**

[1] Gross carrying amount includes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Overview forbearance as at 31 March 2015

										31 March 2015	
		Performing assets				Non-performing assets				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables - banks	20,958										0.0%
Loans and receivables - customers											
Residential mortgages	152,688	1,056	28	142	1,226	537		29	566	1,793	1.2%
Consumer loans	16,022	114	70	135	319	90	20	56	166	484	3.0%
Corporate loans[1]	89,212	1,163	1,200	1,772	4,135	783	1,062	1,092	2,938	7,073	7.9%
Other loans and receivables - customers[2]	15,503	59	30		89	158	16	4	177	266	1.7%
Total Loans and receivables - customers[1]	**273,424**	**2,393**	**1,328**	**2,049**	**5,769**	**1,569**	**1,098**	**1,180**	**3,847**	**9,616**	**3.5%**
Total Loans and receivables	**294,382**	**2,393**	**1,328**	**2,049**	**5,769**	**1,569**	**1,098**	**1,180**	**3,847**	**9,616**	**3.3%**

[1] Gross carrying amount includes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Overview forbearance as at 31 December 2014 Reviewed

										31 December 2014	
		Performing assets				Non-performing assets				Total	
(in millions)	Gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total	Temporary modification	Permanent modification	Refinancing	Total	Total forborne assets	Forbearance ratio
Loans and receivables - banks	21,680										0.0%
Loans and receivables - customers											
Residential mortgages[1]	152,536	1,027	28	122	1,177	606	3	29	638	1,814	1.2%
Consumer loans	16,052	92	68	126	286	99	32	52	184	470	2.9%
Corporate loans[1]	86,299	1,215	872	1,823	3,910	729	878	1,181	2,788	6,698	7.8%
Other loans and receivables - customers[2]	11,783	23			24	64	4		68	92	0.8%
Total Loans and receivables - customers	**266,670**	**2,358**	**968**	**2,071**	**5,397**	**1,498**	**917**	**1,262**	**3,677**	**9,074**	**3.4%**
Total Loans and receivables	**288,351**	**2,358**	**968**	**2,071**	**5,397**	**1,498**	**917**	**1,262**	**3,677**	**9,074**	**3.1%**

1 Gross carrying amount includes fair value adjustments from hedge accounting.
2 Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Second quarter developments

The total forborne assets remained fairly stable at EUR 9.7 billion at 30 June 2015 compared with EUR 9.6 billion at 31 March 2015.

Total forborne assets within Residential mortgages remained fairly stable compared with 31 March 2015. Consumer loans increased slightly, reaching EUR 0.6 billion at 30 June 2015, as compared with EUR 0.5 billion at 31 March 2015.

Total forborne assets for Corporate loans decreased slightly, amounting to EUR 6.9 billion at 30 June 2015, compared with EUR 7.1 billion at 31 March 2015. This decline in forborne exposure mainly resulted from a decrease in temporary adjusted payment arrangements within the non-performing portfolio. The decline in forborne exposure for Corporate loans mainly related to declines in the retail sector, the industrial goods & services sector and to a lesser extent in the technology sector.

Total forborne assets for other loans and receivables – customers increased slightly to EUR 0.4 billion at 30 June 2015, compared with EUR 0.3 billion at 31 March 2015.

Developments over the first six months Reviewed

Total forborne assets increased by EUR 0.6 billion, amounting to EUR 9.7 billion at 30 June 2015, compared with EUR 9.1 billion at year-end 2014.

Total forborne assets within Residential mortgages remained fairly stable compared with year-end 2014. Consumer loans increased slightly, reaching EUR 0.6 billion at 30 June 2015, as compared with EUR 0.5 billion at year-end 2014.

Total forborne assets for Corporate loans increased slightly, from EUR 6.7 billion at year-end 2014 to EUR 6.9 billion at 30 June 2015, which represents 7.7% of the gross carrying amount of the total Corporate loans portfolio. This increase was accountable to an inflow of new forborne clients and mainly relates to permanently adjusted payment arrangements within the performing portfolio. The rise in forborne exposure for Corporate loans was mainly driven by increases in the food & beverage sector and the basic resources industry.

Other loans and receivables – customers amounted to EUR 0.4 billion at 30 June 2015, up EUR 0.3 billion from EUR 0.1 billion at year-end 2014.

Past due loans

Financial assets past due but not impaired as at 30 June 2015 Reviewed

	30 June 2015							
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	< 30	> 30 days & < 60	> 60 days & < 90	> 90	Total past due but not impaired	Past due ratio
Loans and receivables - banks	15,641	15,641						0.0%
Loans and receivables - customers								
Residential mortgages[1]	152,173	150,951	2,505	336	88		2,929	1.9%
Consumer loans	15,724	14,874	345	105	63	200	712	4.5%
Corporate loans[1]	89,702	84,843	911	106	82	568	1,666	1.9%
Other loans and receivables - customers[2]	13,847	13,596	61	5	3	36	104	0.8%
Total Loans and receivables - customers	**271,446**	**264,265**	**3,821**	**551**	**236**	**803**	**5,412**	**2.0%**
Total Loans and receivables	**287,087**	**279,906**	**3,821**	**551**	**236**	**803**	**5,412**	**1.9%**
Other assets	37,755	37,727	72	89	2	5	168	0.4%
Total assets	**324,842**	**317,633**	**3,893**	**640**	**238**	**808**	**5,580**	**1.7%**

[1] Gross carrying amount includes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Financial assets past due but not impaired as at 31 March 2015

	31 March 2015							
	Carrying amount		Days past due					
(in millions)	Gross	Assets not classified as impaired	< 30	> 30 days & < 60	> 60 days & < 90	> 90	Total past due but not impaired	Past due ratio
Loans and receivables - banks	20,958	20,958						0.0%
Loans and receivables - customers								
Residential mortgages[1]	152,688	151,352	2,840	417	111		3,367	2.2%
Consumer loans	16,022	15,164	387	129	119	131	766	4.8%
Corporate loans[1]	89,212	84,096	686	175	278	530	1,669	1.9%
Other loans and receivables - customers[2]	15,503	15,259	78	33	5	24	139	0.9%
Total Loans and receivables - customers	**273,424**	**265,871**	**3,990**	**754**	**512**	**685**	**5,941**	**2.2%**
Total Loans and receivables	**294,382**	**286,829**	**3,990**	**754**	**512**	**685**	**5,941**	**2.0%**
Other assets	46,376	46,355	113	50	27	85	274	0.6%
Total assets	**340,758**	**333,183**	**4,103**	**804**	**539**	**769**	**6,216**	**1.8%**

[1] Gross carrying amount includes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Financial assets past due but not impaired as at 31 December 2014 Reviewed

									31 December 2014
	Carrying amount		Days past due						
(in millions)	Gross	Assets not classified as impaired	< 30	> 30 days & < 60	> 60 days & < 90	> 90	Total past due but not impaired	Past due ratio
Loans and receivables - banks	21,680	21,680						0.0%
Loans and receivables - customers								
Residential mortgages[1]	152,536	151,058	3,057	463	118		3,639	2.4%
Consumer loans	16,052	15,184	335	135	38	125	633	3.9%
Corporate loans[1]	86,299	81,310	924	182	51	590	1,747	2.0%
Other loans and receivables - customers[2]	11,783	11,518	72	8	3	12	94	0.8%
Total Loans and receivables - customers	**266,670**	**259,070**	**4,388**	**788**	**210**	**727**	**6,114**	**2.3%**
Total Loans and receivables	**288,351**	**280,750**	**4,388**	**788**	**210**	**727**	**6,114**	**2.1%**
Other assets	20,453	20,431	202	19	8	24	253	1.2%
Total assets	**308,804**	**301,181**	**4,590**	**807**	**218**	**750**	**6,366**	**2.1%**

[1] Gross carrying amount includes fair value adjustments from hedge accounting.
[2] Other loans and receivables - customers consists of Government and official institutions, Financial lease receivables and Factoring.

Second quarter developments

The total past due exposure on loans and receivables at 30 June 2015 decreased by EUR 0.5 billion to EUR 5.4 billion from EUR 5.9 billion at 31 March 2015.

The past due exposure on Residential mortgages decreased from EUR 3.4 billion at 31 March 2015 to EUR 2.9 billion at 30 June 2015. This decline, which was mainly visible in the bucket <30 days, is the result of a combination of succesful active management of the portfolio in arrears and the further improvement of the Dutch economy.

The past due ratio for Corporate loans compared with Q1 2015 remained stable at 1.9%.

Developments over the first six months Reviewed

Compared with year-end 2014, total past due but not impaired for total loans and receivables showed a decrease of EUR 0.7 billion in the first half of 2015 and amounted to EUR 5.4 billion at 30 June 2015. This decrease was mainly accountable to a decline of EUR 0.6 billion in the <30 day past due exposure for Residential mortgages and was the combined result of successful active management of the portfolio in arrears, coaching of clients that run a higher risk of getting into arrears and improved economic conditions.

Within the Consumer loans portfolio the total past due amount increased slightly to EUR 0.7 billion at 30 June 2015, compared with EUR 0.6 billion at 31 December 2014.

The past due ratio for Corporate loans slightly improved to 1.9% at 30 June 2015, compared with 2.0% at 31 December 2014, as a result of the continuous focus on monitoring the past due exposure of our clients.

Impaired loans

Coverage and impaired ratio as at 30 June 2015 Reviewed

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					30 June 2015
Loans and receivables - banks	15,641				0.0%
Loans and receivables - customers					
Residential mortgages[1]	152,173	1,222	-325	26.6%	0.8%
Consumer loans	15,724	850	-537	63.1%	5.4%
Corporate loans[1]	89,702	4,859	-3,143	64.7%	5.4%
Other loans and receivables - customers[2]	13,847	250	-115	45.8%	1.8%
Total Loans and receivables - customers	**271,446**	**7,181**	**-4,119**	**57.4%**	**2.6%**
Total Loans and receivables[3]	**287,087**	**7,181**	**-4,119**	**57.4%**	**2.5%**
Securities financing	35,536	10	-10	100.0%	0.0%
Total on- and off-balance sheet	**439,023**	**7,216**	**-4,136**	**57.3%**	**1.6%**

1 Gross carrying amount includes 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).

Coverage and impaired ratio as at 31 March 2015

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					31 March 2015
Loans and receivables - banks	20,958				0.0%
Loans and receivables - customers					
Residential mortgages[1]	152,688	1,336	-373	27.9%	0.9%
Consumer loans	16,022	858	-522	60.8%	5.4%
Corporate loans[1]	89,212	5,116	-3,181	62.2%	5.7%
Other loans and receivables - customers[2]	15,503	243	-119	48.8%	1.6%
Total Loans and receivables - customers	**273,424**	**7,553**	**-4,195**	**55.5%**	**2.8%**
Total Loans and receivables[3]	**294,382**	**7,553**	**-4,195**	**55.5%**	**2.6%**
Securities financing	44,490	10	-10	100.0%	0.0%
Total on- and off-balance sheet	**458,353**	**7,585**	**-4,211**	**55.5%**	**1.7%**

1 Gross carrying amount includes 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).

Coverage and impaired ratio as at 31 December 2014 Reviewed

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					31 December 2014
Loans and receivables - banks	21,680			0.0%	0.0%
Loans and receivables - customers					
Residential mortgages[1]	152,536	1,478	-408	27.6%	1.0%
Consumer loans	16,052	868	-533	61.4%	5.4%
Corporate loans[1]	86,299	4,989	-3,017	60.5%	5.8%
Other loans and receivables - customers[2]	11,783	265	-115	43.2%	2.3%
Total Loans and receivables - customers	**266,670**	**7,601**	**-4,073**	**53.6%**	**2.9%**
Total Loans and receivables[3]	**288,351**	**7,601**	**-4,073**	**53.6%**	**2.6%**
Securities financing	18,521	10	-10	100.0%	0.1%
Total on- and off-balance sheet	**418,815**	**7,632**	**-4,089**	**53.6%**	**1.8%**

1 Gross carrying amount includes 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).

Second quarter developments

The impaired ratio for the total Loans and receivables portfolio declined slightly, arriving at 2.5% at 30 June 2015, compared with 2.6% at 31 March 2015. Decreases were noted for Residential mortgages as a result of a lower inflow in the impaired portfolio and a continuous higher outflow of the impaired portfolio. The high outflow is the result of growing demand on the housing market, which is enabling a faster settlement of files with long-term arrears.

Comparing 30 June 2015 with 31 March 2015, the impaired ratio for the Corporate loans declined from 5.7% to 5.4%, driven by a decrease of EUR 0.3 billion in the impaired portfolio. The impaired ratio for Consumer loans remained unchanged.

We have seen a downward trend in the total impaired portfolio across all subportfolios within Corporate Loans, except for medium-sized Commercial clients exposures, where the level of impaired files remained stable. The decline in the impaired portfolio was mainly visible in small-sized Commercial clients.

The coverage ratio for the total loans and receivables portfolio increased to 57.4% at 30 June 2015, compared with 55.5% at 31 March 2015. For the Residential mortgages, the allowances for impairments declined relatively more than the impaired exposures; as a result, the coverage ratio declined from 27.9% at 31 March 2015 to 26.6% at 30 June 2015.

In the consumer lending portfolio, the coverage ratio increased to 63.1% at 30 June 2015, compared with 60.8% at 31 March 2015. The allowances for impairments increased due to an increase in allowances for existing impaired clients.

The coverage ratio for Corporate loans increased to 64.7% at 30 June 2015, compared with 62.2% at 31 March 2015. This increase was mainly accountable to a declined impaired portfolio, as result of the improved Dutch economy, while the allowances for impaired files slightly increased as we observed lower recovery levels for files that were already impaired.

It is noted that the total average period of clients in recovery is rising.

Developments over the first six months Reviewed

The impaired ratio for the total Loans and receivables portfolio declined from 2.6% at 31 December 2014 to 2.5% at 30 June 2014. Decreases were noted for Residential mortgages, as a result of a lower inflow in the impaired portfolio and a higher outflow from the impaired portfolio.

The impaired ratio for Corporate loans declined to 5.4% at 30 June 2015, compared with 5.8% at 31 December 2014. The decline was mainly driven by an increase in the size of the portfolio. Impaired ratio for Consumer loans remained unchanged.

The coverage ratio for the total loans and receivables portfolio increased to 57.4% at 30 June 2015, compared with 53.6% at 31 December 2014. For the Residential mortgages, the coverage ratio declined from 27.6% at 31 December 2014 to 26.6% at 30 June 2015. Allowances as well as impaired exposures declined.

The coverage ratio for the consumer lending portfolio increased to 63.1% at 30 June 2015, compared with 61.4% at 31 December 2014. This increase was the result of a slightly decreased impaired portfolio as management of arrears improved. Allowances for impairments increased due to lower recovery rates for existing impaired clients.

The coverage ratio for Corporate loans increased to 64.7% at 30 June 2015, compared with 60.5% at 31 December 2014. This increase was largely accountable to a declined impaired portfolio, mainly driven by the improved Dutch economy.

Not all sectors benefitted equally from the recovery of the Dutch economy. Sectors that are still struggling are Retail, Commercial Real Estate, Transport & Logistics. It is noted that the total average period of clients in recovery is growing.

Loan impairment charges and allowances

(in millions)	Q2 2015					Q2 2014				
	Securities financing	Corporate loans	Residential mortgages	Consumer loans	Total	Securities financing	Corporate loans	Residential mortgages	Consumer loans	Total
Balance as at begin of period	**11**	**3,728**	**478**	**643**	**4,860**	**24**	**3,869**	**646**	**621**	**5,162**
Impairment charges for the period		236	27	53	316		318	127	94	540
Reversal of impairment allowances no longer required	-0	-188	-41	-27	-257	-2	-83	-83	-15	-183
Recoveries of amounts previously written-off		-5	-9	-9	-23		-1	-2	-11	-15
Total impairment charges on loans and other receivables		**43**	**-23**	**17**	**36**	**-2**	**234**	**42**	**68**	**343**
Amount recorded in interest income from unwinding of discounting		-11	-9	-3	-23		-11	-5	-3	-19
Currency translation differences		-18			-18	-0	3			3
Amounts written-off (net)		-123	-42	-37	-202		-210	-43	-38	-290
Reserve for unearned interest accrued on impaired loans		19		9	28		2	9	-2	9
Other adjustments	-0	-11	-2	11	-2	-0	-0	-0	2	1
Balance as at end of period	**10**	**3,627**	**402**	**640**	**4,680**	**22**	**3,887**	**649**	**649**	**5,207**
Reconciliation from reported to underlying impairment charges										
Total reported on-balance sheet impairment charges on loans and other receivables		**43**	**-23**	**17**	**36**	**-2**	**234**	**42**	**68**	**343**
Total underlying on-balance sheet impairment charges on loans and other receivables		**43**	**-23**	**17**	**36**	**-2**	**234**	**42**	**68**	**343**

(in millions)	Q2 2015	Q2 2014
On-balance sheet	36	343
Off-balance sheet	-2	-1
Total impairment charges on loans and other receivables	**34**	**342**

Second quarter developments

In the second quarter of 2015, the continued improvement of the Dutch economy was reflected in impairment charges, which were significantly lower than in the second quarter of 2014.

On-balance sheet underlying impairment charges decreased by EUR 307 million to EUR 36 million in the second quarter of 2015, compared with EUR 343 million in the same period last year.

The impairment charges include Incurred But Not Identified (IBNI) charges. IBNI charges cover credit exposures in the performing portfolio and are model driven. The impairment losses have been incurred but still have to be identified at the balance sheet date. Specific or collective impairment assessment has therefore not yet taken place.

The IBNI levels are reassesed every quarter, based on 12 months backward looking losses. The updated sample of the 12 months backward looking losses was significantly lower in Q2 2015. Consequently, the total IBNI levels were adjusted, resulting in a release of EUR 107 million. The current IBNI levels are assumed to cover the incurred but not identified impairments in the performing portfolio. Excluding the IBNI release, impairment charges decreased by EUR 200 million. Impairment charges in Q2 2014 were relatively high. As this period was still considered to be part of the crisis, as of then the impaired portfolio started to decline, due to more outflow than inflow, which had a positive impact on the allowance.

Impairment charges for Corporate loans decreased sharply to EUR 43 million at Q2 2015, compared with EUR 234 million at Q2 2014, a decrease of EUR 191 million. Impairments on small-sized Commercial Clients decreased significantly as result of the upturn in the economic environment and a decrease of EUR 59 million due to the IBNI release. Charges on medium-sized Commercial Clients remained fairly stable.

For the Residential mortgage portfolio, the impairment charge in Q2 2015 declined by EUR 65 million compared with Q2 2014. The main reason for the decline was a better than expected improvement in the Dutch housing market ,which resulted in a lower impaired volume. Furthermore, an IBNI release of EUR 28 million contributed to the decline.

The impairment charges for Consumer loans declined by EUR 51 million in Q2 2015, amounting to EUR 17 million, compared with EUR 68 million in Q2 2014. The decline was mainly the result of the improvements in the Dutch economy, while the IBNI release of EUR 18 million also contributed to the decline.

Loan impairment charges and allowances over the first six months Reviewed

(in millions)	First half 2015					First half 2014				
	Securities financing	Corporate loans	Residential mortgages	Consumer loans	Total	Securities financing	Corporate loans	Residential mortgages	Consumer loans	Total
Balance as at 1 January	**11**	**3,568**	**538**	**654**	**4,771**	**24**	**3,778**	**585**	**613**	**4,999**
Impairment charges for the period		569	68	89	726		601	275	170	1,047
Reversal of impairment allowances no longer required	-1	-291	-70	-41	-403	-2	-156	-124	-35	-317
Recoveries of amounts previously written-off		-7	-12	-20	-39		-4	-3	-21	-28
Total impairment charges on loans and other receivables	**-1**	**271**	**-14**	**28**	**284**	**-2**	**442**	**148**	**114**	**702**
Amount recorded in interest income from unwinding of discounting		-22	-28	-6	-56		-22	-10	-5	-37
Currency translation differences	1	55			56	1	3			4
Amounts written-off (net)		-260	-90	-61	-412		-328	-92	-74	-494
Reserve for unearned interest accrued on impaired loans		27		8	35		18	18		37
Other adjustments	-0	-11	-4	16		-0	-4	-0		-4
Balance as at 30 June	**10**	**3,627**	**402**	**640**	**4,680**	**22**	**3,887**	**649**	**649**	**5,207**
Reconciliation from reported to underlying impairment charges										
Total reported on-balance sheet impairment charges on loans and other receivables	**-1**	**271**	**-14**	**28**	**284**	**-2**	**442**	**148**	**114**	**702**
Total underlying on-balance sheet impairment charges on loans and other receivables	**-1**	**271**	**-14**	**28**	**284**	**-2**	**442**	**148**	**114**	**702**

(in millions)	First half 2015	First half 2014
On-balance sheet	284	702
Off-balance sheet	2	1
Total impairment charges on loans and other receivables	**287**	**703**

Developments over the first six months Reviewed

The first half year of 2015 reflects the further improvement of the Dutch economy. During the first half year of 2014, the Dutch economy was still amid of the economic crisis, but in the second half year of 2014 the economic recovery became visible. As of the second half of 2014, the overall impaired portfolio started to decline, with more outflow to the performing portfolio than inflow in the non-performing portfolio. This trend continued in the first half of 2015.

The on-balance sheet underlying impairment charges decreased by EUR 418 million in the first half year of 2015, coming to EUR 284 million, compared with EUR 702 million in the same period last year.

In the first half of 2015, the total IBNI levels were reassessed, resulting in a release of EUR 138 million.

The current IBNI levels are assumed to cover the incurred but not recognised impaired exposures in the performing portfolio. Excluding the IBNI release, impairment charges decreased by EUR 280 million.

Impairment charges for Corporate loans decreased sharply by EUR 171 million in the first half year of 2015, arriving at EUR 271 million, as compared with EUR 442 million in the first half of 2014. The decrease reflects the upturn in the economic environment as well as a decrease due to the IBNI release of EUR 68 million.

For the Residential mortgage portfolio, the impairment charge in the first half of 2015 was EUR 162 million lower than in the first half of 2014. The improvement was mainly attributable to the Dutch housing market, which improved considerably, and a decrease due to the IBNI release of EUR 53 million.

The impairment charges for Consumer loans declined by EUR 86 million, dropping to EUR 28 million in the first half of 2015, compared with EUR 114 million in the first half of 2014. The decline was mainly the result of the improvements in the Dutch economy and the IBNI release of EUR 17 million.

Impaired loans by industry

	30 June 2015		31 March 2015		31 December 2014	
(in millions)	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk	Impaired exposures	Allowances for impairments for identified credit risk
Industry sector						
Banks	12	-12	10	-10	10	-10
Financial services[1]	782	-702	850	-721	813	-693
Industrial goods and services	1,128	-618	1,243	-682	1,328	-703
Real estate	683	-348	704	-375	793	-390
Oil and gas	169	-96	172	-91	119	-76
Food and beverage	494	-252	483	-239	544	-245
Retail	548	-347	670	-380	630	-355
Basic resources	237	-181	231	-132	212	-152
Healthcare	181	-144	214	-149	65	-39
Construction and materials	399	-265	368	-244	371	-254
Travel and leisure	205	-99	197	-106	202	-119
Other[2]	334	-209	260	-177	220	-136
Subtotal Industry Classification Benchmark	**5,173**	**-3,275**	**5,404**	**-3,308**	**5,308**	**-3,170**
Private individuals (non-Industry Classification Benchmark)	2,043	-861	2,181	-903	2,324	-918
Subtotal non-Industry Classification Benchmark	**2,043**	**-861**	**2,181**	**-903**	**2,324**	**-918**
Total[3]	**7,216**	**-4,136**	**7,585**	**-4,211**	**7,632**	**-4,089**

1 Financial services include asset managers, credit card companies and providers of personal financial services and securities and brokers.
2 Other includes, personal and household goods, media, technology, automobiles and parts, chemicals, telecommunication and insurance, in addition to unclassified.
3 Amounts excluding Incurred But Not Identified (IBNI).

Second quarter developments

The impaired exposure declined by EUR 0.4 billion to EUR 7.2 billion at 30 June 2015, compared with EUR 7.6 billion at 31 March 2015. The impairment allowance changed slightly in this period.

Movements at industry level were noted for Financial Services, where the slight decline was caused mainly by FX currency changes. The Industrial goods and services sector declined as a result of write offs, which were partly offset by the addition of one single client. The Retail industry sector declined due to a few files which were in restructuring recovered. Furthermore, a number of smaller amounts were re-classed to other industry sectors.

Developments over the first six months

In the first half year of 2015, the total impaired exposure declined by EUR 0.4 billion, amounting to EUR 7.2 billion at 30 June 2015 compared with EUR 7.6 billion at 31 December 2014. The impairment allowance changed slightly in this period.

At industry level, the Industrial goods and services sector declined as a result of write offs, which were partly offset by the addition of one single client. Real Estate decreased as a result of several files.The Retail industry sector declined due to several files which were in restructuring recovered. Furthermore, a number of smaller amounts were re-classed to other industry sectors.

Besides these changes and several smaller movements, there was an increase in the Healthcare sector, which mainly related to a single large impairment file.

Developments in specific portfolios

Residential mortgages

The Dutch housing market continued to improve in the second quarter of 2015. The number of transactions in the Dutch housing market went up by 19.5% compared with the second quarter of 2014 (and up by 19.4% comparing the first half of 2015 with the first half of 2014), according to Statistics Netherlands (CBS). The CBS housing price index was 0.8% higher in the second quarter of 2015 than in the first quarter of 2015.

For ABN AMRO, the production volume of new mortgages was 51% higher in the second quarter of 2015 compared with the second quarter of 2014 and 38% higher when comparing the first half of 2015 with the same period last year. The higher production was driven by the economic recovery and by the upcoming stricter income calculations for the acceptance of mortgages and the further lowering of the NHG limit to EUR 245,000 with effect from 1 July 2015. The NHG proportion of the new mortgage production remained unchanged at 46%.

Total redemptions amounted to EUR 2.6 billion, compared with EUR 1.9 billion in the first quarter of 2015, and EUR 5.2 billion in the first half year of 2015, compared with EUR 4.1 billion in the same period last year.

Contractual repayments are growing, reflecting the new fiscal regime. Extra repayments, which were extremely high in the second half of 2014 due to the ending of the elevated gift tax exemption, have returned to same levels as previous years. In the second quarter of 2015 extra repayments were slightly lower at EUR 0.5 billion, from EUR 0.6 billion in the first quarter of 2015 and extra redemptions in the first half of 2015 and first half of 2014 were equal. Incentives for extra redemptions are the low savings interest rates and increased awareness among homeowners of the possibility of residual debt.

Key residential mortgage indicators

(in millions)	30 June 2015	31 March 2015	31 December 2014
Gross carrying amount excl. fair value adjustment from hedge accounting	148,642	148,484	148,402
Of which Nationale Hypotheek Garantie (NHG)	38,502	38,004	37,540
Gross carrying amount	152,173	152,688	152,536
Exposure at Default[1]	165,177	161,342	160,291
Risk-weighted assets/risk exposure amount[1]	21,865	22,172	22,062
RWA (REA)/EAD	13.2%	13.7%	13.8%
Forbearance ratio	1.2%	1.2%	1.2%
Past due ratio	1.9%	2.2%	2.4%
Cost of risk (year to date, in bps)	-2	2	13
Coverage ratio	26.6%	27.9%	27.6%
Impaired ratio	0.8%	0.9%	1.0%
Average Loan-to-Market-Value	82%	82%	83%
Average Loan-to-Market-Value - excluding NHG	78%	78%	79%
Total risk mitigation	213,244	211,912	210,925
Total risk mitigation/carrying amount	140.1%	138.8%	138.3%

[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.

The gross carrying amount of the Residential mortgage portfolio excluding the fair value adjustment was slightly higher, at EUR 148.6 billion at 30 June 2015 (31 March 2015: EUR 148.5 billion; 31 December 2014: EUR 148.4 billion). This was caused by redemptions being offset by a continued high production volume. The Residential mortgage portfolio consists of 26% NHG-guaranteed loans.

The RWA (REA) for the Residential mortgage portfolio decreased to EUR 21.9 billion compared with EUR 22.2 billion at 31 March 2015 and EUR 22.1 billion at year-end 2014 due to a lower number of contracts in arrears and a smaller default portfolio. Moreover, rising house prices led to a lower LtMV, which also results in a lower RWA (REA). The EAD increased to EUR 165.2 billion from EUR 161.3 billion at 31 March 2015 and EUR 160.3 billion at year-end 2014. This was due to a change in the EAD calculation of one of our Residential mortgage labels. The forbearance ratio remained stable at 1.2%.

The past due ratio declined to 1.9% compared with 2.2% at 31 March 2015 and 2.4% at year-end 2014. The number of clients that went into arrears decreased considerably and the number of clients that were able to recover from arrears was slightly higher. The mortgage portfolio in arrears further decreased for the fifth quarter in a row and amounted to EUR 2.9 billion at 30 June 2015. This is a sharp decline compared with the EUR 3.4 billion at 31 March 2015 and EUR 3.6 billion at 31 December 2014. The decline is the result of improved economic conditions combined with succesful active management of the portfolio in arrears and coaching of clients that run a higher risk of getting into arrears.

The improved risk profile of the residential mortgage portfolio is a continuation of the trend seen for more than a year now. The coverage ratio of the residential mortgages portfolio decreased to 26.6%, mainly due to lower allowances for credit risk. Allowances decreased mainly due to the upswing in the housing market and improved economic circumstances, which leads to a improved improved recovery rate.

The impaired ratio continued to decline, to 0.8% from 0.9% at 31 March 2015 and 1.0% at 31 December 2014. This was caused by a lower inflow into the impaired portfolio and a continued higher outflow of the impaired portfolio. The high outflow is the result of increased outflow of clients to the performing portfolio as well as a higher demand for houses, which enables faster settlement of files in long-term arrears.

The annualised cost of risk (year to date) continued to decline to -2bps. This was due in part to the improved Dutch housing market, which resulted in a lower impaired volume, combined with releases of the IBNI allowance in the first half of 2015.

The increase in residential property values, (extra) repayments on residential mortgage loans and restrictions on the maximum LtMV for new mortgages resulted in an average LtMV of the mortgage portfolio of 82% at 30 June 2015, stable compared with 31 March 2015 and down from 83% at 31 December 2014. New production loans in general have a higher LtMV than the average LtMV of the existing portfolio.

Residential mortgages to indexed market value

	30 June 2015				31 March 2015				31 December 2014			
(in millions)	Gross carrying amount	Percentage of total	- of which guaranteed	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed	- of which unguaranteed	Gross carrying amount	Percentage of total	- of which guaranteed	- of which unguaranteed
LtMV category[1]												
<50%	24,089	16.2%	1.7%	14.5%	23,828	16.1%	1.7%	14.4%	23,707	16.0%	1.7%	14.3%
50% - 80%	37,450	25.2%	4.4%	20.8%	36,734	24.7%	4.2%	20.5%	36,927	24.9%	4.2%	20.7%
80% - 90%	16,962	11.4%	3.0%	8.4%	16,477	11.1%	2.9%	8.2%	16,488	11.1%	2.8%	8.3%
90% - 100%	22,209	14.9%	5.4%	9.5%	21,077	14.2%	4.9%	9.3%	20,396	13.7%	4.5%	9.2%
100% - 110%	21,308	14.3%	5.9%	8.4%	21,586	14.5%	5.9%	8.6%	21,455	14.5%	5.8%	8.7%
110% - 120%	15,118	10.2%	3.5%	6.7%	15,808	10.7%	3.7%	7.0%	16,280	11.0%	3.8%	7.2%
>120%	8,833	5.9%	2.0%	4.0%	10,270	6.9%	2.3%	4.6%	10,885	7.3%	2.5%	4.8%
Unclassified	2,673	1.8%			2,704	1.8%			2,264	1.5%		
Total	**148,642**	**100%**			**148,484**	**100%**			**148,402**	**100%**		

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

The gross carrying amount of mortgages with an LtMV above 110% decreased to EUR 24.0 billion at 30 June 2015, down by EUR 2.1 billion compared with 31 March 2015 and EUR 3.2 billion compared with 31 December 2014.

The amount in the higher LtMV buckets is decreasing due mainly to indexation of the value of the underlying collateral and no inflow into these buckets as a result of the current fiscal regime for tax deductions.

Note that LtMVs of more than 100% are not necessarily an indicator that these clients are in financial difficulties.

Breakdown of residential mortgage portfolio

	30 June 2015		31 March 2015		31 December 2014	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	48,578	33%	48,667	33%	48,936	33%
Interest only (100%)	33,231	22%	33,618	23%	34,081	23%
Redeeming mortgages (annuity/linear)	15,209	10%	13,472	9%	11,956	8%
Savings	22,448	15%	22,842	15%	23,243	16%
Life (investment)	19,218	13%	19,744	13%	20,279	14%
Other[1]	9,958	7%	10,141	7%	9,908	7%
Total	**148,642**	**100%**	**148,484**	**100%**	**148,402**	**100%**

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

In the past, residential mortgages in the Netherlands were composed of different types of mortgages, e.g. a combination of interest-only and savings mortgages. Under the present fiscal regime, new mortgages need to be 100% redeemable in order to be eligible for tax deduction. As a result, new production consists mainly of redemption mortgages.

As a result of the above, a gradual shift of the mortgage portfolio to redemption types continued. Redeeming mortgages increased to 10% of the residential mortgage portfolio, up from 9% at 31 March 2015 and 8% at 31 December 2014. 'Redeeming mortgages' is the only category that increased.

The risk profile of our mortgage portfolio proved to be low in recent years and the improvement that started in 2014 continued in the first half of 2015. This is evidenced by the relatively low impairments over the average loan book. 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 house prices and redemptions. Furthermore, thanks to the improved housing market, average residual debt declined in Q2 2015.

Energy, Commodities & Transportation Clients

ECT Clients indicators

(in billions)	30 June 2015	31 March 2015	31 December 2014
On-balance sheet exposure	25.2	25.4	22.2
of which Energy	4.4	4.3	3.7
of which Commodities	12.8	13.0	11.7
of which Transportation	8.0	8.1	6.8

ABN AMRO has long-standing experience with financing in the energy, commodities and transportation sectors and provides financial solutions and support to clients across the entire value chain of the ECT industry. Our Energy, Commodities & Transportation Clients (ECT Clients) business benefits from in-depth sector knowledge and an active approach to risk and portfolio management.

ECT Clients' controlled growth strategy is based on this sector knowledge and focuses on monitoring and managing the credit risk profile of the portfolio in line with the respective market sentiment, trends and economic cycles. The majority of the loan book is US dollar denominated and secured by either commodities for which liquid markets exist, first priority ship mortgages, or pledged contracted project cash flows. Conservative advance rates are applied taking into account longer term average asset values. This has led to a portfolio characterised by low historic losses.

The on-balance sheet exposure of the ECT Clients portfolio slightly decreased by 0.9% in the second quarter of 2015 primarily due to the depreciation of the US dollar by 4% in the second quarter.

Over the first half of 2015, the on-balance sheet exposure of the ECT Clients portfolio increased by 13.5% primarily due to the appreciation of the US dollar by 9% over the first half of the year. Growth was realised in the Energy Clients and Transportation Clients sectors, and offset by a lower utilisation of facilities in the Commodities Clients sector due to continued low commodity prices.

The ECT Clients' total loan portfolio amounted to an equivalent of EUR 25.2 billion on-balance sheet exposure at 30 June 2015 compared with EUR 25.4 billion at 31 March 2015 and EUR 22.2 billion at year-end 2014. The off-balance sheet exposure, consisting mainly of short-term letters of credit secured by commodities, guarantees and availability under committed credit lines, increased to EUR 14 billion at June 2015 compared with EUR 12.2 billion at 31 March 2015, and EUR 12.8 billion at year-end 2014.

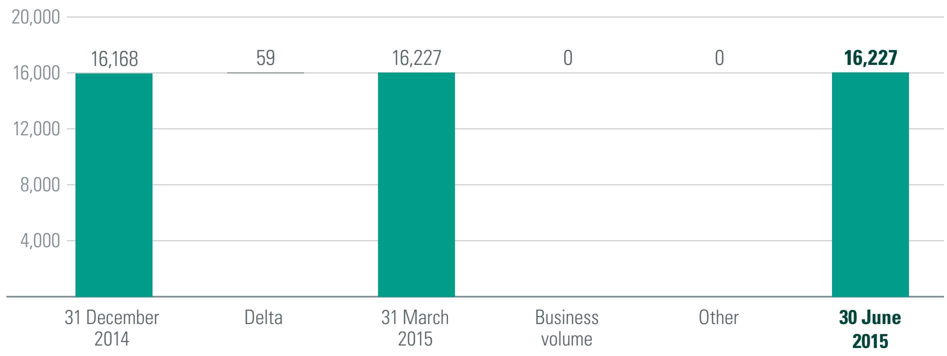
In addition uncommitted credit lines are in place mainly for transactional commodity trade finance. Specific drawings under these uncommitted lines, used by a client to finance a specific physical flow of commodities, generally requires formal approval by the banks. Uncommitted credit lines decreased to EUR 24.2 billion at 30 June 2015 from EUR 25.1 billion at 31 March 2015, and increased compared with EUR 21.2 billion at year-end 2014.

The composition of the ECT Client sectors in terms of on-balance sheet exposure remained stable in the second quarter. Commodities Clients accounted for 51% of the ECT Clients loan portfolio (stable compared with 51% at the end of Q1 2015 and down from 52% at year-end 2014), while the remainder consisted of loans to clients in the Transportation Clients sector (32% stable compared with 32% at the end of Q1 and up from 31% at year-end 2014) and the Energy Clients sector (17% stable compared with 17% at the end of Q1 and 17% at year-end 2014).

Net impairment charges in the second quarter of 2015 amounted to EUR 18 million compared with EUR 3 million net impairment charge in the same period in 2014. The increase in the first half of 2015 was mainly due to a single file. Net impairment charges amounted to EUR 36 million for the first half of 2015 compared with EUR 12 million for the first half of 2014. Despite the increase, the level of impairment charges remains low relative to the portfolio size.

Operational risk

RWA (REA) flow statement operational risk
(in millions)



The RWA (REA) for operational risk is calculated based on the Standardised Approach (TSA). To calculate the required capital, once a year the gross income is multiplied by a percentage (predefined by the directives). ABN AMRO aims to submit the application for the AMA status to the regulator for approval in 2015.

Second quarter developments

As the calculation is revised yearly, no changes are noted in the second quarter of 2015 compared with the first quarter of 2015.

Developments over the first six months

As a result of the yearly revised calculation, RWA (REA) increased slightly by EUR 59 million to EUR 16.2 billion in the first half of 2015 compared with year-end 2014.

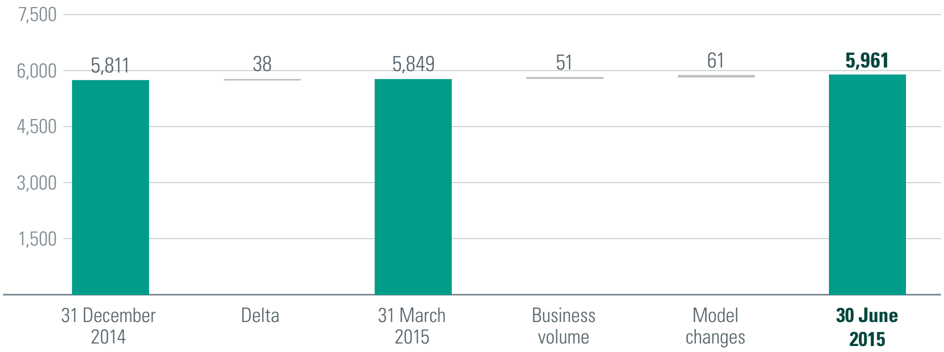
Market risk

ABN AMRO is exposed to market risk in its trading book and banking book.

Market risk in the trading book

ABN AMRO has limited exposures in the trading book.

RWA (REA) flow statement market risk
(in millions)



RWA (REA) was slightly higher at 30 June 2015 compared with 31 March 2015 and 31 December 2014.

The IMA application was submitted to the regulator in October 2014. The regulator is currently reviewing this application and expects to take a decision before year-end.

Internal aggregated diversified and undiverisified VaR for all trading positions

	Q2 2015		Q2 2014		Q1 2015	
(in millions)	Diversified	Undiversi-fied	Diversified	Undiversi-fied	Diversified	Undiversi-fied
VaR at last trading day of period	5.8	6.7	1.1	2.4	6.0	7.2
Highest VaR	12.7	14.8	2.1	3.4	6.0	7.2
Lowest VaR	4.7	6.6	1.0	2.1	1.1	2.1
Average VaR	7.2	9.2	1.3	2.6	3.9	4.9

The diversified VaR increased by EUR 4.7 million in the second quarter of 2015 compared with the same period last year. The average diversified VaR increased by EUR 5.9 million in this period.

The increase was due to a particularly low interest rate environment, an intensification of market volatility and an increase in client-driven interest rate risk positions in the trading book.

Market risk in the banking book

ABN AMRO manages interest rate risk in the banking book in accordance with its moderate risk profile.

Interest rate risk metrics

	30 June 2015	31 March 2015	31 December 2014
NII-at-risk (in %)	3.1	3.1	2.2
Duration of equity (in years)	3.0	2.7	4.0
VaR banking book at last trading day of period[1] (in millions)	701	770	959

1 ABN AMRO applies a two-months 99% VaR for the banking book, meaning that a VaR of EUR 1 million implies a 1% chance of loss of more than EUR 1 million within a two-month period.

In a low rate interest environment with significant volatility, the duration of equity increased in the second quarter from 2.7 years to 3.0 years. The NII-at-risk remains at 3.1% in Q2 and reflects earnings sensitivity to a downwards interest move. The short-term sensitivity of net interest income to a further change in the yield curve remains limited. The duration of equity has increased in Q2 from 2.7 years to 3.0 years due to business developments and interest rate management activities.

Liquidity risk

Liquidity indicators

	30 June 2015	31 March 2015	31 December 2014
Loan-to-Deposit ratio	111%	112%	117%
LCR	>100%	>100%	>100%
NSFR	>100%	>100%	>100%
Survival period (moderate stress)	>12 months	>12 months	>12 months
Available liquidity buffer (in billions)	81.8	69.4	73.9

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both remained above 100% at 30 June 2015.

The survival period reflects the period that the bank's liquidity position is expected to remain positive in a stress scenario in which wholesale funding markets deteriorate and retail and commercial clients withdraw a proportion of their deposits. The survival period was consistently >12 months in the first half of 2015.

Loan-to-Deposit ratio

(in millions)	30 June 2015	31 March 2015	31 December 2014
Loans and receivables - customers	266,776	268,576	261,910
Net adjustments	-3,926	-6,329	-2,975
Adjusted loans and receivables - customers	**262,850**	**262,247**	**258,935**
Due to customers	230,322	227,229	216,011
Net adjustments	6,177	6,120	6,196
Adjusted due to customers	**236,500**	**233,349**	**222,207**
Loan-to-Deposit ratio	**111.1%**	**112.4%**	**116.5%**

The Loan-to-Deposit ratio improved to 111.1% at 30 June 2015 compared with 112.4% at 31 March 2015. This was largely due to an increase in savings deposits.

The Loan-to-Deposit ratio improved to 111.1% at 30 June 2015 compared with 116.5% at 31 December 2014. The ratio improved thanks mainly to a large increase in client deposits.

Liquidity buffer composition

	30 June 2015		31 March 2015		31 December 2014	
(in billions)	Liquidity buffer	of which LCR eligible	Liquidity buffer	of which LCR eligible	Liquidity buffer	of which LCR eligible
Cash & central bank deposits	13.3	13.3	4.0	4.0	5.3	5.3
Government bonds	25.4	26.4	28.3	29.4	27.3	28.3
Covered bonds	1.6	1.4	1.9	1.7	2.0	1.8
Retained RMBS	33.3		26.7		31.8	
Third party RMBS	0.9	0.8	0.9	0.8	1.0	0.8
Other	7.4	4.4	7.6	4.7	6.5	3.7
Total liquidity buffer	**81.8**	**46.3**	**69.4**	**40.5**	**73.9**	**40.0**
- of which in EUR	94.1%		90.8%		92.7%	
- of which in other currencies	5.9%		9.2%		7.3%	

A liquidity buffer of unencumbered assets is retained as a safety cushion in the event of severe liquidity stress. Most of the securities in the liquidity buffer, with the exception of the retained RMBS, are eligible for the LCR. As the internal assessment of the eligibility and haircut for several liquidity instruments deviates from the Basel III regulation, liquidity values may deviate. As the internal haircut on government bonds is higher than that of the LCR, the liquidity buffer value is lower than the LCR eligible amount.

The liquidity buffer amounted to EUR 81.8 billion at 30 June 2015, an increase of EUR 12.5 billion compared with 31 March 2015 due mainly to a higher cash position. Compared with 31 December 2014, the liquidity buffer at 30 June 2015 increased by EUR 8.0 billion, again mainly due to a higher cash position.

The main reason for the higher cash position is an increased client deposit base only partially offset by higher client loans. Other balance sheet developments affecting the cash position are largely offsetting.

Maturing retained RMBSs were reissued in Q1 2015. These new notes could only be included in the liquidity buffer if earmarked as eligible by DNB. The timing effect caused a temporary decline in the liquidity buffer in Q1 2015.

Cash & central bank deposits do not include the mandatory reserve with the central bank.

Funding

ABN AMRO's funding strategy is based on the bank's moderate risk profile. It aims to optimise and diversify the bank's funding sources in order to maintain the targeted long-term funding position, liquidity profile and compliance with regulatory requirements. We aim to strike a balance between the need to have sufficient funding and the costs involved, thereby ensuring that the balance sheet has a diverse, stable and cost-efficient funding base.

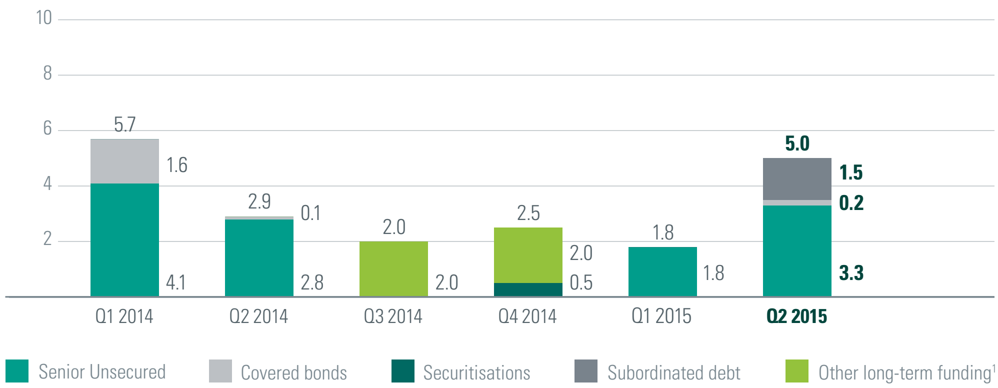
Client deposits comprise a sound core funding base and serve as the main source of funding, complemented by wholesale funding. Client deposits increased by EUR 3.0 billion, rising from EUR 227.1 billion on 31 March 2015 to EUR 230.1 billion on 30 June 2015. Loans and receivables - customers decreased by EUR 1.8 billion, resulting in a net deposit growth of EUR 4.8 billion in Q2 2015. A net deposit growth of EUR 4.5 billion was observed in the first quarter of 2015. Consequently, the need to use wholesale funding declined in the first half of 2015.

Securities financing activities increased and the liquidity buffer was strengthened in the first half of 2015. This was funded partly by an increase in client deposits; the remaining funding gap was covered by additional issuance of wholesale funding.

Funding raised

Long-term funding raised in the second quarter of 2015 amounted to EUR 5 billion, of which 30% in non-euro currencies. This includes EUR 1.5 billion of subordinated liabilities. The total long-term funding raised in the first half of the year increased to EUR 6.9 billion.

Long-term funding raised in 2014 and 2015
(in billions)



[1] Other long-term funding includes long-term repos, TLTRO funding and funding with the Dutch State as counterparty.

Total wholesale funding (issued debt and subordinated liabilities) decreased by EUR 1.3 billion from EUR 90.9 billion on 31 March 2015 to EUR 89.6 billion on 30 June 2015. This partially offsets the EUR 5.4 billion increase observed in the first quarter of 2015. Total wholesale funding increased by EUR 4.1 billion in the first half of 2015.

An amount of EUR 7.2 billion in long-term funding was redeemed in the first half of 2015. This amount included EUR 3.4 billion of maturing externally placed RMBS transactions. As a consequence, asset encumbrance due to funding further declined.

The EUR 6.9 billion of long-term funding issued in the first of half of 2015 is in line with the EUR 7.2 billion of maturing long-term funding. As such, the EUR 4.1 billion increase in total wholesale funding was mainly due to additional short-term funding issuance. This matches the short-term character of the increased securities financing activities.

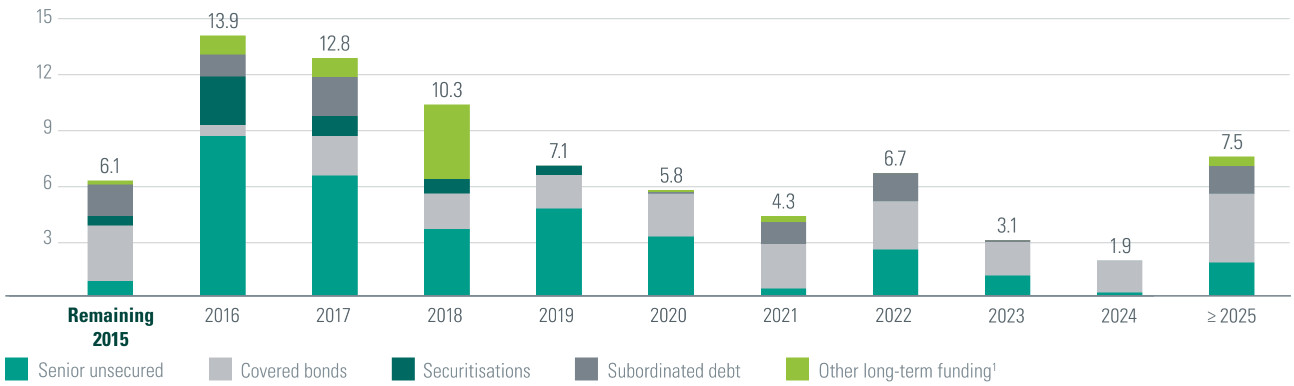
Overview of funding types

(in millions)	30 June 2015	31 March 2015	31 December 2014
Saving certificates	60	70	72
Commercial Paper/Certificates of Deposit			
Euro Commercial Paper	2,304	3,659	1,706
London Certificates of Deposit	5,369	6,228	1,436
French Certificats de Dépôt	787	2,105	1,517
US Commercial Paper	4,391	4,651	4,070
Total Commercial Paper/Certificates of Deposit	**12,850**	**16,644**	**8,729**
Senior unsecured			
Unsecured medium-term notes	34,276	32,128	32,252
Senior secured			
Covered bonds	26,970	27,556	27,077
Securitisations			
Residential mortgage-backed securities (Dutch)	5,450	5,830	8,829
Other asset-backed securities	18	18	171
Total securitisations	**5,468**	**5,847**	**9,001**
Total issued debt	**79,626**	**82,245**	**77,131**
Total subordinated liabilities	**9,938**	**8,639**	**8,328**
Total wholesale funding	**89,564**	**90,884**	**85,458**
Other long-term funding[1]	**6,931**	**6,915**	**6,900**
Total funding instruments	**96,494**	**97,799**	**92,358**
- of which CP/CD matures within one year	12,850	16,644	8,729
- of which funding instruments (excl. CP/CD) matures within one year	15,917	11,710	11,618
- of which matures after one year	67,727	69,445	72,012

[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).

Maturity calendar

Maturity calendar at 30 June 2015
(in billions)



[1] Other long-term funding includes long-term repos, TLTRO funding and funding with the Dutch State as counterparty.

Maturity calendar

(in billions)	Remaining 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	≥ 2025
											30 June 2015
Senior unsecured	0.8	8.6	6.5	3.6	4.7	3.2	0.4	2.5	1.1	0.2	1.8
Covered bonds	3.0	0.6	2.1	1.9	1.8	2.3	2.4	2.6	1.8	1.7	3.7
Securitisations	0.5	2.6	1.1	0.8	0.5						
Subordinated debt	1.7	1.2	2.1			0.1	1.2	1.5	0.1		1.5
Other long-term funding[1]	0.2	1.0	1.0	4.0		0.1	0.3				0.5
Total	**6.1**	**13.9**	**12.8**	**10.3**	**7.1**	**5.8**	**4.3**	**6.7**	**3.1**	**1.9**	**7.5**

[1] Other long-term funding includes long-term repos, TLTRO funding and funding with the Dutch State as counterparty.

The remaining maturity of the total outstanding long-term wholesale funding increased slightly from 4.3 to 4.4 years.

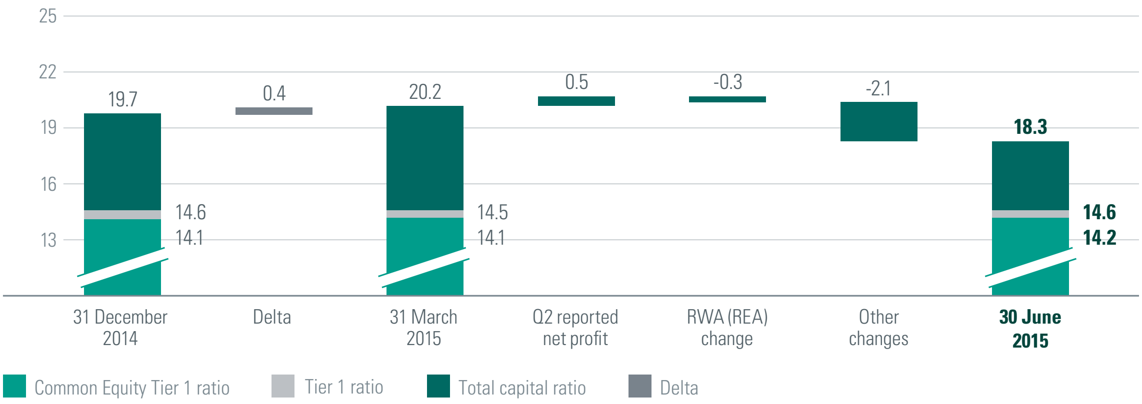
Capital management

ABN AMRO's solid capital position ensures that the bank is already compliant with more stringent fully-loaded Basel III capital requirements. The overall capital base decreased over the second quarter due to an ECB regulatory adjustment partially offset by retained earnings and the attraction of Tier 2 capital. The bank strives to optimise its capital structure in anticipation of upcoming regulatory requirements. The capital structure consists mainly of highly loss-absorbing capital to cover unexpected losses. The subordination in specific capital elements provides further protection to senior creditors.

Regulatory capital structure

(in millions)	30 June 2015	31 March 2015	31 December 2014
Total equity (EU IFRS)	**15,899**	**15,584**	**14,877**
Cash flow hedge reserve	1,233	1,472	1,223
Dividend reserve	-457	-492	-275
Other regulatory adjustments	-394	-597	-399
Common Equity Tier 1	**16,281**	**15,967**	**15,426**
Innovative hybrid capital instruments	700	700	800
Other regulatory adjustments	-243	-199	-241
Tier 1 capital	**16,738**	**16,468**	**15,985**
Subordinated liabilities Tier 2	4,260	5,992	5,502
Excess Tier 1 capital recognised as Tier 2 capital		300	200
Other regulatory adjustments	-8	100	-39
Total regulatory capital	**20,990**	**22,860**	**21,648**
Total risk-weighted assets (risk exposure amount)	**114,930**	**113,407**	**109,647**
Common Equity Tier 1 ratio	14.2%	14.1%	14.1%
Tier 1 ratio	14.6%	14.5%	14.6%
Total capital ratio	18.3%	20.2%	19.7%
Common Equity Tier 1 ratio (fully-loaded)	14.0%	14.2%	14.1%
Tier 1 ratio (fully-loaded)	14.0%	14.2%	14.1%
Total capital ratio (fully-loaded)	15.4%	19.5%	18.9%

Developments impacting capital ratios in Q2 2015
(in %)



The CRD IV Common Equity Tier 1 and Tier 1 ratios were 14.2% and 14.6% respectively on 30 June 2015. The total capital ratio decreased over the quarter from 20.2% to 18.3%. All capital ratios were well above regulatory minimum requirements and in line with the bank's risk appetite and strategic ambitions.

The ECB informed ABN AMRO that certain Tier 2 instruments of ABN AMRO Bank should be excluded from the total capital calculation. The exclusion applies to Tier 2 instruments that were issued after year-end 2011 (the CRR cut-off date) and before revocation of the 403-liability statement of ABN AMRO Group that was issued for the benefit of ABN AMRO Bank. Based on a recent ruling of the Dutch Supreme Court in relation to SNS, the ECB views that due to the 403-liability statement the ranking of these Tier 2 creditors is enhanced as the claim under the 403-liability statement is not subordinated. In the former 403-liability statement for claims against ABN AMRO Bank no subordination was provided for. Therefore these Tier 2 instruments are no longer in line with the Capital Requirements Regulation (CRR). Furthermore, three other instruments become subject to the grandfathering regime and their Tier 2 eligibility amortises annually. The change in Tier 2 eligibility lowers the total capital ratio. These changes have been made accordingly.

CET1 and Tier 1 capital ratios improved slightly over the second quarter because a moderate increase in risk-weighted assets (risk exposure amount) was outweighed by growth via retained earnings and regulatory adjustments.

The fully-loaded Common Equity Tier 1 and fully-loaded Tier 1 ratio fell by 0.2 percentage points between 31 March 2015 and 30 June 2015, both coming to 14.0%. The positive effect of retained earnings was offset by a moderate increase of risk-weighted assets and higher capital deductions. Capital deductions had more impact on the fully-loaded Common Equity Tier 1 capital in comparison to the phased-in Common Equity Tier 1 capital.

Dividend

Over the full year 2015, we intend to pay a dividend of 40% of the reported net profit, of which EUR 350 million will be paid out shortly as interim dividend.

Leverage ratio

	30 June 2015		31 March 2015	31 December 2014
	Phase-in	Fully-loaded	Fully-loaded	Fully-loaded
Tier 1 capital	**16,738**	**16,121**	**16,150**	**15,435**
Exposure measure (under CDR)				
On-balance sheet exposures	410,661	410,661	438,102	386,867
Off-balance sheet items	28,468	28,468	28,534	26,702
On-balance sheet netting	44,729	44,729	39,942	37,709
Derivative exposure	51,869	51,869	-16,025	-11,783
Securities financing exposures	1,758	1,758	1,633	1,078
Other regulatory measures	-20,006	-19,971	-26,701	-19,262
Exposure measure	**517,478**	**517,514**	**465,484**	**421,311**
Leverage ratio (CDR)	**3.2%**	**3.1%**	**3.5%**	**3.7%**

The Capital Requirements Regulation (CRR) introduced a non-risk based leverage ratio, to be monitored until 2017 and to be further refined and calibrated before becoming a binding measure as from 2018. Under the Commission Delegated Regulation (CDR), applicable since 1 January 2015, the definition of the leverage ratio was amended to enhance comparability of leverage ratio disclosures.

The fully-loaded CDR leverage ratio decreased to 3.1% at 30 June 2015 compared with 3.5% at 31 March 2015. The ratio decreased due to a considerable increase in the exposure measure. During Q2 2015, ABN AMRO came to a revised interpretation of the Commission Delegated Regulation (EU) 2015/62 (CDR) regarding calculation of the exposure measure for its clearing services, using Basel (BCBS) guidelines and EBA guidance.

If the fully-loaded leverage ratio had been calculated consistently using this revised interpretation, the leverage ratio would have amounted to 3.1% at 31 March 2015 and 3.2% at 31 December 2014.

Regulatory capital developments

The Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) set the framework for the implementation of Basel III in the European Union. CRD IV and CRR were phased in on 1 January 2014 and will be fully effective by January 2019.

The Bank Recovery and Resolution Directive (BRRD) provides authorities with more comprehensive and effective measures to deal with failing banks. Implementation of BRRD in the European Union already began in 2015 and the bail-in framework will be introduced as from January 2016. Implementation of the bail-in framework results in the introduction of additional loss-absorbing measures, such as the Minimum Requirement for own funds and Eligible Liabilities (MREL) and Total Loss Absorbing Capacity (TLAC).

ABN AMRO will continue to issue new capital instruments to further build out the buffer of loss absorbing instruments in view of scheduled amortisations, MREL/TLAC and any other regulatory changes.

The Basel Committee on Banking Supervision has presented two consultative documents on a revision of the standardised approach and the design of a capital floor framework based on this revised standardised approach. This framework will replace the current transitional floor based on the Basel I standard. The aim of the revised capital floor framework is to enhance the reliability and comparability of risk-weighted capital ratios.

Regulatory developments, such as the Basel proposal (especially with respect to the risk-weighting of mortgages and corporate loans) and increasing capital requirements set by the regulators could have a significant impact on our capital position going forward. Hence, we will continue to focus on capital efficiency and further strengthen our capital position.

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (*Wet op het financieel toezicht (Wft)*), the members of the Managing Board state that to the best of their knowledge:

- The Condensed Consolidated Interim Financial Statements, for the six-month period ending on 30 June 2015, give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Group N.V. and the companies included in the consolidation; and
- The Interim Report, for the six-month period ending on 30 June 2015, 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, 20 August 2015

The Managing Board

Gerrit Zalm, Chairman
Johan van Hall, Vice-Chairman
Kees van Dijkhuizen, Member
Caroline Princen, Member
Wietze Reehoorn, Member
Chris Vogelzang, Member
Joop Wijn, Member

condensed consolidated interim financial statements 2015

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 2015	First half 2014
Income			
Interest income		6,724	6,699
Interest expense		3,668	3,826
Net interest income		**3,056**	**2,873**
Fee and commission income		1,510	1,318
Fee and commission expense		585	476
Net fee and commission income		**926**	**842**
Net trading income		54	109
Share of result in equity accounted investments		12	29
Other operating income		246	47
Operating income	4	**4,294**	**3,900**
Expenses			
Personnel expenses		1,233	1,444
General and administrative expenses		1,148	1,201
Depreciation and amortisation of tangible and intangible assets		84	82
Operating expenses	5	**2,465**	**2,727**
Impairment charges on loans and other receivables		287	703
Total expenses		**2,752**	**3,430**
Operating profit/(loss) before taxation		**1,542**	**470**
Income tax expense		398	120
Profit/(loss) for the period		**1,144**	**351**
Attributable to:			
Owners of the company		1,142	351
Non-controlling interests		1	-1

Condensed consolidated statement of comprehensive income

(in millions)	First half 2015	First half 2014
Profit/(loss) for the period	**1,144**	**351**
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement gains/(losses) on defined benefit plans	-4	-187
Items that will not be reclassified to the income statement before taxation	**-4**	**-187**
Income tax relating to items that will not be reclassified to the income statement	-1	-47
Items that will not be reclassified to the income statement after taxation	**-3**	**-141**
Items that may be reclassified to the income statement		
Currency translation reserve	118	17
Available-for-sale reserve	46	169
Cash flow hedge reserve	-14	246
Share of other comprehensive income of associates	18	8
Other changes	-4	5
Other comprehensive income for the period before taxation	**164**	**445**
Income tax relating to components of other comprehensive income	7	100
Other comprehensive income for the period after taxation	**157**	**345**
Total comprehensive income/(expense) for the period after taxation	**1,297**	**555**
Total comprehensive income attributable to:		
Owners of the company	1,296	555
Non-controlling interests	1	-1

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2015	31 December 2014
Assets			
Cash and balances at central banks		15,132	706
Financial assets held for trading	6	6,648	9,017
Derivatives	7	21,262	25,285
Financial investments	8	41,140	41,466
Securities financing	9	35,526	18,511
Loans and receivables -banks	11	15,641	21,680
Residential mortgages	12	151,770	151,998
Consumer loans	12	15,084	15,398
Corporate loans	12	91,502	87,866
Other loans and receivables - customers	12	8,420	6,648
Equity accounted investments		857	1,136
Property and equipment		1,343	1,412
Goodwill and other intangible assets		262	255
Tax assets		541	504
Other assets		5,533	4,986
Total assets		**410,661**	**386,867**
Liabilities			
Financial liabilities held for trading	6	3,602	3,759
Derivatives	7	24,206	30,449
Securities financing	9	22,592	13,918
Due to banks	14	17,909	15,744
Demand deposits	15	116,649	109,753
Saving deposits	15	94,552	88,655
Time deposits	15	18,906	17,459
Other due to customers	15	215	144
Issued debt	16	79,626	77,131
Subordinated liabilities	16	9,938	8,328
Provisions	17	1,152	1,003
Tax liabilities		453	175
Other liabilities		4,962	5,473
Total liabilities		**394,762**	**371,990**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		2,632	1,769
Other comprehensive income		-657	-814
Equity attributable to owners of the parent company		**15,885**	**14,865**
Equity attributable to non-controlling interests		14	12
Total equity		**15,899**	**14,877**
Total liabilities and equity		**410,661**	**386,867**
Committed credit facilities	18	20,934	16,164
Guarantees and other commitments	18	14,207	15,335

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium reserve	Other reserves including retained earnings	Other compre-hensive income	Net profit/(loss) attributable to share-holders	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	**940**	**12,970**	**3,392**	**-4,909**	**1,162**	**13,555**	**13**	**13,568**
Total comprehensive income			5	199	351	555	-1	555
Transfer			1,162		-1,162			
Dividend			-200			-200	-0	-200
Reclassification post-employment benefit plan			-3,606	3,606				
Increase/(decrease) of capital								
Balance at 30 June 2014	**940**	**12,970**	**753**	**-1,104**	**351**	**13,910**	**12**	**13,922**
Balance at 1 January 2015	**940**	**12,970**	**635**	**-814**	**1,134**	**14,865**	**12**	**14,877**
Total comprehensive income			-4	157	1,142	1,296	1	1,297
Transfer			1,134		-1,134			
Dividend			-275			-275		-275
Balance at 30 June 2015	**940**	**12,970**	**1,490**	**-657**	**1,142**	**15,885**	**14**	**15,899**

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 2014	**-3,502**	**-64**	**59**	**-1,467**	**65**	**-4,909**
Reclassification post-employment benefit plan	3,606					3,606
Net gains/(losses) arising during the period	-187	17	169	221	8	227
Less: Net realised gains/(losses) included in income statement				-26		-25
Net gains/(losses) in equity	-187	17	169	246	8	252
Related income tax	-47	-2	41	62		53
Balance at 30 June 2014	**-37**	**-44**	**187**	**-1,283**	**73**	**-1,104**
Balance at 1 January 2015	**-38**	**36**	**329**	**-1,223**	**82**	**-814**
Net gains/(losses) arising during the period	-4	118	62	-47	18	146
Less: Net realised gains/(losses) included in income statement			15	-33		-17
Net gains/(losses) in equity	**-4**	**118**	**46**	**-14**	**18**	**163**
Related income tax	-1		11	-3		6
Balance at 30 June 2015	**-42**	**153**	**365**	**-1,233**	**100**	**-657**

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2015

Total comprehensive income of EUR 1,297 million includes EUR 1,144 million profit for the first half of 2015. Transfer includes allocation of the profit of the prior period to Other reserves.

A final dividend of EUR 275 million was paid out to ordinary shareholders, bringing the total dividend for 2014 to EUR 400 million.

2014

Total comprehensive income of EUR 555 million includes EUR 351 million profit for the first half of 2014. Transfer includes allocation of the profit of the prior period to Other reserves.

A final dividend of EUR 200 million was paid to ordinary shareholders, bringing the total dividend for 2013 to EUR 350 million.

ABN AMRO announced that it had reached a negotiated result with the trade unions and the ABN AMRO Pension Fund on a new pension scheme for its employees in the Netherlands as part of the new collective labour agreement (CLA). The new pension scheme is a collective defined contribution (CDC) plan. The settlement on 12 June 2014 resulted in a release for post-employment benefit plans (in other comprehensive income) of EUR 3,606 million (EUR 4,808 million less EUR 1,202 million in tax) from remeasurement gains/(losses) to Other reserves including retained earnings.

Condensed consolidated statement of cash flows

(in millions)	First half 2015	First half 2014
Profit/(loss) for the period	**1,144**	**351**
Adjustments on non-cash items included in profit:		
(Un)realised gains/(losses)	-4	242
Share of profits in associates and joint ventures	-17	-33
Depreciation, amortisation and accretion	157	164
Provisions and impairment losses	335	802
Income tax expense	398	120
Changes in operating assets and liabilities:		
Assets held for trading	2,460	-2,411
Derivatives - assets	3,928	-3,751
Securities financing - assets	-15,848	-20,069
Loans and receivables - banks	7,629	8,707
Residential mortgages	305	32
Consumer loans	421	174
Corporate loans	-2,612	604
Other loans and receivables - customers	-1,388	-2,082
Other assets	-493	-424
Liabilities held for trading	-335	2,266
Derivatives - liabilities	-6,226	3,287
Securities financing - liabilities	7,989	16,735
Due to banks	2,047	-1,176
Demand deposits	6,012	1,169
Saving deposits	5,841	2,491
Time deposits	1,164	-2,203
Other due to customers	71	66
Liabilities arising from insurance and investment contracts	-113	-95
Net changes in all other operational assets and liabilities	-114	-1,004
Dividend received from associates	44	33
Income tax paid	-164	-5
Cash flow from operating activities	**12,629**	**3,988**

continued >

Investing activities:		
Purchases of financial investments	-9,896	-12,265
Proceeds from sales and redemptions of financial investments	10,268	5,408
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	-25	-85
Divestments of subsidiaries (net of cash sold), associates and joint ventures	33	21
Purchases of property and equipment	-112	-122
Proceeds from sales of property and equipment	107	49
Purchases of intangible assets	-20	-9
Cash flow from investing activities	**354**	**-7,004**
Financing activities:		
Proceeds from the issuance of debt	20,856	20,961
Repayment of issued debt	-19,153	-20,606
Proceeds from subordinated liabilities issued	1,492	
Repayment of subordinated liabilities issued	-3	-51
Dividends paid to the owners of the parent company	-275	-200
Cash flow from financing activities	**2,917**	**105**
Net increase/(decrease) of cash and cash equivalents	15,900	-2,912
Cash and cash equivalents as at 1 January	4,212	15,319
Effect of exchange rate differences on cash and cash equivalents	111	22
Cash and cash equivalents as at 30 June	**20,223**	**12,429**
Supplementary disclosure of operating cash flow information		
Interest paid	3,756	3,211
Interest received	7,411	5,834
Dividend received from investments	47	39

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

(in millions)	30 June 2015	30 juni 2014
Cash and balances at central banks	15,132	6,776
Loans and receivables banks (less than 3 months)[1]	5,091	5,653
Total cash and cash equivalents	**20,223**	**12,429**

[1] Loans and receivables banks with a original maturity less than 3 months is included in Loans and receivables - banks. See note 11.

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 Risk, funding & capital information section, are an integral part of these 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.

All ordinary shares in ABN AMRO Group N.V., representing 100% of the voting rights, have been held by a foundation named Stichting administratiekantoor beheer financiële instellingen (NLFI) since 16 May 2013.

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 2015 incorporate financial information of ABN AMRO Group N.V., its controlled entities, interests in associates and joint ventures. The Condensed Consolidated Interim Financial Statements were prepared by the Managing Board and authorised for issue by the Supervisory Board and Managing Board on 20 August 2015.

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 2014 consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted 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 2014 consolidated Annual Financial Statements of ABN AMRO Group, except for the changes in accounting policies described below.

The Condensed Consolidated Interim Financial Statements are presented in euros, which is ABN AMRO Group's presentation currency, rounded to the nearest million (unless otherwise noted). Certain figures in these Condensed Consolidated Interim Financial Statements may not tally exactly due to rounding.

Changes in accounting policies

In the first half of 2015, ABN AMRO adopted the following amendments and interpretations:

- Defined Benefit Plans: Employee Contributions;
- Annual improvements to IFRSs 2010-2012 Cycle – various standards;
- Annual improvements to IFRSs 2011-2013 Cycle – various standards.

None of the above amendments has a significant impact on the Condensed Consolidated Interim Financial Statements.

New accounting standards and amendments

The following new standards and amendments have been issued by the IASB, but are not yet effective for these Condensed Consolidated Interim Financial Statements. These standards are subject to endorsement by the European Union and are therefore not open for early adoption.

IFRS 9 Financial Instruments

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and the mandatory effective date is 1 January 2018. ABN AMRO is currently assessing the impact on its financial statements. The impact on the financial statements is expected to be largest for the changes to the impairment model. IFRS 9 replaces the 'incurred loss' model with the 'expected credit loss model' which is designed to be more forward-looking. The result of this forward-looking approach will be higher loan loss impairments and corresponding lower equity.

IFRS 15 Revenue from Contracts with customers

In May 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard sets out requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). The proposed effective date by the IASB is 1 January 2018. ABN AMRO is currently assessing the impact of the new standard.

Narrow scope amendments

The IASB has published narrow scope amendments to the following standards: IFRS 11 Joint arrangements – Accounting for Acquisitions of Interests in Joint Operations, IAS 1 Presentation of Financial Statements – Disclosure Initiative, and Annual Improvements 2012-2014 – various standards (IFRS 5, IFRS 7, IAS 19 and IAS 34). The impact of these amendments is currently being assessed. The effective date is 1 January 2016.

2 Segment reporting

Retail Banking

Retail Banking serves Mass Retail, Preferred Banking and YourBusiness Banking clients (SME clients with turnover up to EUR 1 million) and offers a wide variety of banking and insurance products and services through our branch network, online, via contact centres and through subsidiaries. In addition, MoneYou is part of Retail Banking.

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.

Corporate Banking

Corporate Banking consists of the sub-segments Commercial Clients, International Clients and Capital Markets Solutions.

- Commercial Clients 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 International Clients sub-segment). ABN AMRO's Lease and Commercial Finance activities are also part of this sub-segment;
- International Clients serves business clients with revenues exceeding EUR 250 million, as well as Energy, Commodities & Transportation (ECT) Clients, Diamond & Jewellery Clients, Financial Institutions and Listed Commercial Real Estate clients;
- Capital Markets Solutions serves clients by providing products and services related to financial markets. This sub-segment includes ABN AMRO Clearing.

Group Functions

Group Functions supports the business segments and consists of Technology, Operations & Property Services (TOPS), Finance, Risk Management & Strategy, People, Regulations & Identity (PR&I), Group Audit and the Corporate Office. The majority of the Group Functions costs are allocated to the businesses. Group Functions' results include those of ALM/Treasury as well as the Securities financing activities.

Segment income statement for the first half year 2015

						First half 2015
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divestments	Total
Net interest income	1,645	293	1,081	37		3,056
Net fee and commission income	262	322	378	-37		926
Net trading income	5	35	100	-85		54
Share of result in equity accounted investments	15	8	-13	2		12
Other operating income	-2	20	77	152	-0	246
Operating income	**1,924**	**678**	**1,623**	**69**	**-0**	**4,294**
Personnel expenses	246	249	344	394		1,233
General and administrative expenses	166	126	135	721	-0	1,148
Depreciation and amortisation of tangible and intangible assets	4	12	9	60		84
Intersegment revenues/expenses	565	114	419	-1,098		
Operating expenses	**980**	**501**	**907**	**77**	**-0**	**2,465**
Impairment charges on loans and other receivables	38	-15	268	-4		287
Total expenses	**1,018**	**486**	**1,176**	**72**	**-0**	**2,752**
Operating profit/(loss) before taxation	**906**	**191**	**448**	**-3**		**1,542**
Income tax expenses	226	32	94	46		398
Underlying profit/(loss) for the period	**680**	**159**	**354**	**-49**		
Special items and divestments						
Profit/(loss) for the period	**680**	**159**	**354**	**-49**		**1,144**
Attributable to:						
Owners of the company	680	159	353	-50		1,142
Non-controlling interests			1			1

Segment income statement for the first half year 2014

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Special items and divestments	Total
						First half 2014
Net interest income	1,639	292	968	-26		2,873
Net fee and commission income	267	265	318	-9		842
Net trading income	3	19	90	-3		109
Share of result in equity accounted investments	22	10	-7	5		29
Other operating income	-7	1	2	51		47
Operating income	**1,924**	**588**	**1,370**	**19**		**3,900**
Personnel expenses	251	221	304	379	288	1,444
General and administrative expenses	171	117	109	671	134	1,201
Depreciation and amortisation of tangible and intangible assets	5	9	8	60		82
Intersegment revenues/expenses	536	106	402	-1,043		
Operating expenses	**962**	**453**	**823**	**67**	**422**	**2,727**
Impairment charges on loans and other receivables	291	22	402	-12		703
Total expenses	**1,253**	**475**	**1,225**	**55**	**422**	**3,430**
Operating profit/(loss) before taxation	**671**	**113**	**145**	**-36**	**-422**	**470**
Income tax expenses	166	17	33	-25	-72	120
Underlying profit/(loss) for the period	**504**	**95**	**113**	**-12**	**-350**	
Special items and divestments				-350	350	
Profit/(loss) for the period	**504**	**95**	**113**	**-362**		**351**
Attributable to:						
Owners of the company	504	95	113	-362		351
Non-controlling interests			-1			-1

Retail Banking

Operating income remained stable at EUR 1,924 million during the first half of 2015 compared with the first half of 2014. Net interest income was primarily driven by improved margins on mortgages resulting from the gradual re-pricing of the mortgage book offset by marginally lower average loan volumes and a provision for inconsistencies in interest calculations between the bank and its business partners with respect to one of the mortgage products. Interest income on deposits remained nearly stable, as higher average savings volumes were offset by decreasing margins as reinvestment yields declined at a higher pace than the client savings rates.

Operating expenses rose by EUR 18 million to EUR 980 million during the first half of 2015, compared with EUR 962 million during the first half of 2014. This increase was mainly driven by higher allocation of IT project expenses and projects aimed at enhancing client centricity and the quality of products and services.

Impairment charges decreased by EUR 253 million to EUR 38 million during the first half of 2015, compared with EUR 291 million during the first half of 2014. The decrease in impairments is visible in both the mortgage portfolio and the consumer loan portfolio. Improved circumstances in the housing market and recovery of the Dutch economy contributed to a lower inflow of clients in the impaired portfolio, increased outflow and an improvement of the portfolio's risk profile. In addition, the improvement of the Dutch economy and, consequently, the asset quality of the mortgage and consumer loan portfolios also led to releases from the IBNI allowances totalling EUR 70 million in the first half of 2015, while the previous year included a small IBNI addition.

Private Banking

Operating income increased by EUR 90 million to EUR 678 million during the first half of 2015 compared with EUR 588 million during the first half of 2014. This was driven mainly by an increase in net fee and commision income of EUR 57 million due to higher Client Assets, partly due to a favourable stock market performance in combination with additional fee income from the acquired German activities. In addition, other operating income increased by EUR 19 million, partly due to sale of premises in the first half of 2015.

Operating expenses increased by EUR 48 million to EUR 501 million during the first half of 2015, up from EUR 453 million in the first half of 2014. This rise was mainly driven by an increase in personnel expenses of EUR 28 million due to the acquired German activities, FTE growth and FX impact. In the Netherlands, personnel expenses increased mainly due to higher pension expenses. In addition, operating expenses rose by EUR 22 million due to expenses for IT projects and projects to enhance client documentation, while the same period in 2014 included project costs for the acquisition in Germany.

Impairment charges decreased by EUR 37 million to a net release of EUR 15 million during the first half of 2015 compared with EUR 22 million during the first half of 2014, mainly driven by a EUR 15 million IBNI release in the first half of 2015 and a release on a single file.

Corporate Banking

Operating income increased by EUR 253 million to EUR 1,623 million during the first half of 2015, up from EUR 1,370 million in the first half of 2014. Commercial Clients posted a rise in net interest income of EUR 46 million to EUR 660 million in the first half of 2015. Commercial Clients benefited from increased margins on loans as well as higher liability volumes. Average loan volumes and deposit margins, however, decreased compared with the same period in 2014. Net interest income in International Clients increased by EUR 49 million to EUR 361 million, benefiting from growth in the ECT Clients loan portfolio and FX rate developments. This was partly offset by lower margins on deposits. Net fee and commission income increased by EUR 60 million compared with the same period in 2014 to EUR 378 million. Higher transaction volumes in Capital Markets Solutions from increased volatility in the financial markets mainly drove fee growth. Corporate Finance fees were also higher on the back of increased M&A activity in the first quarter of 2015.

Operating expenses increased by EUR 84 million to EUR 907 million during the first half of 2015, up from EUR 823 million in the first half of 2014. Personnel expenses rose by EUR 40 million and were impacted by higher pension expenses, a EUR 19 million restructuring provision following the revised business segmentation within Corporate Banking, and growth of the number of FTEs, mainly in ECT Clients. The same period in 2014 included a provision following the strategic review at Capital Markets Solutions and the introduction of the sector approach at Commercial Clients. In addition, other operating expenses rose by EUR 45 million. This increase was mainly related to higher allocated project costs for IT investments and projects to enhance client centricity and the quality of products and services.

Impairment charges decreased by EUR 134 million to EUR 268 million during the first half of 2015, down from EUR 402 million in the first half of 2014. Impairment charges on small-sized Commercial Clients decreased significantly and, to a lesser extent, impairments on International Clients also declined, partly driven by lower IBNI levels. Impairments on medium-sized Commercial Clients were up compared with the first half of 2014 due to a single large addition.

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Group Functions

Operating income increased by EUR 50 million to EUR 69 million during the first half of 2015, up from EUR 19 million during the first half of 2014. This was driven chiefly by lower funding expenses due to lower spread levels paid for new funding and a higher portion of capital costs charged to the business segments. This was partly offset by a tax exempt provision related to the part of the Securities Financing activities that was discontinued in 2009. Lower costs for maintaining the liquidity buffer were re-allocated to the business segments.

Operating expenses increased by EUR 10 million to EUR 77 million during the first half of 2015, up from EUR 67 million during the first half of 2014, driven mainly by higher personnel expenses of EUR 15 million due to higher pension expenses and growth of the number of FTEs. In addition, operating expenses increased due to IT project expenses this year, partly driven by TOPS 2020 expenses. The same period in 2014 was impacted by the AQR project. The majority of expenses are allocated to the commercial segments. Operating expenses include allocation of Group Functions' operating expenses to the business segments as negative expenses.

Selected assets and liabilities by segment

					30 June 2015
(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	Total
Assets					
Financial assets held for trading			6,712	-63	6,648
Derivatives		88	16,842	4,332	21,262
Securities financing		59	6,863	28,604	35,526
Residential mortgages	144,805	3,422	13	3,530	151,770
Consumer loans	8,365	5,988	730		15,084
Corporate loans	2,707	7,541	81,179	75	91,502
Other loans and receivables - customers		9	8,387	24	8,420
Other	1,850	7,053	15,619	55,927	80,449
Total assets	**157,727**	**24,160**	**136,344**	**92,429**	**410,661**
Liabilities					
Financial liabilities held for trading			3,602		3,602
Derivatives		79	17,128	6,999	24,206
Securities financing		43	2,787	19,762	22,592
Demand deposits	23,355	41,299	51,667	329	116,649
Saving deposits	71,305	19,240	4,006		94,552
Time deposits	4,715	6,970	4,980	2,241	18,906
Other due to customers			157	58	215
Other	58,352	-43,471	52,018	47,141	114,039
Total liabilities	**157,727**	**24,160**	**136,344**	**76,530**	**394,762**

(in millions)	Retail Banking	Private Banking	Corporate Banking	Group Functions	31 December 2014 Total
Assets					
Financial assets held for trading			9,115	-98	9,017
Derivatives		90	20,543	4,652	25,285
Securities financing	-0	8	3,981	14,522	18,511
Residential mortgages	144,424	3,426	14	4,134	151,998
Consumer loans	8,795	5,830	773		15,398
Corporate loans	2,758	7,460	77,625	22	87,866
Other loans and receivables - customers		9	6,630	9	6,648
Other	1,638	6,112	14,897	49,498	72,145
Total assets	**157,614**	**22,935**	**133,579**	**72,739**	**386,867**
Liabilities					
Financial liabilities held for trading			3,759		3,759
Derivatives		70	20,493	9,886	30,449
Securities financing		16	1,302	12,600	13,918
Demand deposits	22,619	38,338	48,479	317	109,753
Saving deposits	68,638	17,957	2,060		88,655
Time deposits	4,658	6,606	4,057	2,137	17,459
Other due to customers			144		144
Other	61,699	-40,053	53,285	32,922	107,854
Total liabilities	**157,614**	**22,935**	**133,579**	**57,862**	**371,990**

3 Overview of financial assets and liabilities by measurement base

(in millions)	Amortised cost	Fair value through profit or loss	Available for sale financial assets	30 June 2015 Total
Financial assets				
Cash and balances at central banks	15,132			15,132
Financial assets held for trading		6,648		6,648
Derivatives		21,262		21,262
Financial investments		799	40,340	41,140
Securities financing	35,526			35,526
Loans and receivables - Banks	15,641			15,641
Loans and receivables - Customers	266,776			266,776
Other assets		2,485		2,485
Total financial assets	**333,075**	**31,195**	**40,340**	**404,611**
Financial Liabilities				
Financial liabilities held for trading		3,602		3,602
Derivatives		24,206		24,206
Securities financing	22,592			22,592
Due to banks	17,909			17,909
Due to customers	230,322			230,322
Issued debt	77,814	1,812		79,626
Subordinated liabilities	9,938			9,938
Other liabilities		2,485		2,485
Total financial liabilities	**358,575**	**32,105**		**390,681**

	31 December 2014			
(in millions)	Amortised cost	Fair value through profit or loss	Available for sale financial assets	Total
Financial assets				
Cash and balances at central banks	706			706
Financial assets held for trading		9,017		9,017
Derivatives		25,285		25,285
Financial investments		589	40,877	41,466
Securities financing	18,511			18,511
Loans and receivables - Banks	21,680			21,680
Loans and receivables - Customers	261,910			261,910
Other assets		2,453		2,453
Total financial assets	**302,807**	**37,343**	**40,877**	**381,028**
Financial Liabilities				
Financial liabilities held for trading		3,759		3,759
Derivatives		30,449		30,449
Securities financing	13,918			13,918
Due to banks	15,744			15,744
Due to customers	216,011			216,011
Issued debt	75,150	1,981		77,131
Subordinated liabilities	8,328			8,328
Other liabilities		2,453		2,453
Total financial liabilities	**329,150**	**38,642**		**367,791**

4 Operating income

(in millions)	First half 2015	First half 2014
Net interest income	3,056	2,873
Net fee and commission income	926	842
Net trading income	54	109
Share of result in equity accounted investments	12	29
Other income	246	47
Total operating income	**4,294**	**3,900**

Total operating income increased by EUR 394 million to EUR 4,294 million compared with EUR 3,900 million during the first half of 2014.

Net interest income increased to EUR 3,056 million, up EUR 183 million, or 6.4%, from EUR 2,873 million in the first half of 2014. Interest expense decreased mainly due to lower funding costs as a result of a lower average amount of issued debt. This decrease was also driven by lower interest expenses related to customer deposits, following lower market interest rates.

Net fee and commission income increased by EUR 84 million to EUR 926 million during the first half of 2015, compared with EUR 842 million in the first half of 2014. Securities and custodian service fees increased by EUR 31 million due to higher transaction volumes in Capital Market Solutions. Portfolio management fees rose by EUR 33 million due to an increase in Client assets and the effect of the acquisition of Private Banking activities in Germany in Q3 2014.

Net trading income decreased by EUR 55 million to EUR 54 million during the first half of 2015 due to a loss in discontinued securities financing activities and a provision for interest rate derivatives to SME clients.

This was partly offset by a favourable effect of the CVA, DVA and FVA (EUR 47 million) and unrealised gains on trading book loans.

Total other income grew by EUR 199 million to EUR 246 million during the first half of 2015, up from EUR 47 million in the first half of 2014. Results from financial transactions increased by EUR 169 million compared with the first half of 2014 mainly due to higher revaluation and divestment results at Equity Participations, unrealised gains on Private Investment Products, hedge accounting-related results, and some gains on the sale of premises in Guernsey and Belgium.

5 Operating expenses

(in millions)	First half 2015	First half 2014
Personnel expenses	1,233	1,444
General and administrative expenses	1,148	1,201
Depreciation and amortisation of tangible and intangible assets	84	82
Total operating expenses	**2,465**	**2,727**

Total operating expenses decreased by EUR 262 million to EUR 2,465 million during the first half of 2015, compared with EUR 2,727 million in the first half of 2014, driven mainly by lower Personnel expenses (EUR 211 million).

Personnel expenses decreased by EUR 211 million during the first half of 2015. See Personnel expenses for more information.

General and administrative expenses came down by EUR 53 million in the first half of 2015 compared with the first half of 2014, mainly resulting from incurring part of the levy for the nationalisation of SNS Reaal during the first half of 2014 (EUR 134 million). This was partially offset by higher agency staff, contractors and consultancy costs involved in the aftercare of large projects and hiring of new contractors (EUR 33 million) and by higher information technology expenses related to projects, IBM contracting and the extension of existing licences (EUR 15 million).

Personnel expenses

(in millions)	First half 2015	First half 2014
Salaries and wages	858	826
Social security charges	119	122
Pension expenses relating to defined benefit plans	12	385
Defined contribution plan expenses	155	30
Other	89	82
Total personnel expenses	**1,233**	**1,444**

Total personnel expenses decreased by EUR 211 million to EUR 1,233 million during the first half of 2015, compared with EUR 1,444 million in the first half of 2014.

This was mainly due to a EUR 288 million loss on the settlement of the Dutch defined benefit plan during the first half of 2014. This defined benefit pension plan was replaced by a collective defined contribution plan. Excluding the EUR 288 million pension settlement during 2014, pension expenses increased due to lower interest rates.

Other consists mainly of a restructuring provision and other short-term benefit expenses.

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6 Financial assets and liabilities held for trading

Financial assets held for trading

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

(in millions)	30 June 2015	31 December 2014
Trading securities:		
Government bonds	4,744	2,326
Corporate debt securities	1,035	924
Equity securities	61	4,946
Total trading securities	**5,839**	**8,196**
Trading book loans	809	821
Total assets held for trading	**6,648**	**9,017**

Financial assets held for trading as at 30 June 2015 amounted to EUR 6.6 billion, down by EUR 2.4 billion or 26.3% compared with EUR 9.0 billion at 31 December 2014. This decrease was mainly due to the discontinuation of the equity derivatives activities (EUR 4.9 billion). This was partially offset by higher positions in government bonds (EUR 2.4 billion).

The increase in Government bonds was mainly related to Dutch (EUR 1.3 billion), Belgium (EUR 0.9 billion) and German (EUR 0.4 billion) positions. ABN AMRO Bank acquired these portfolios mainly as a result of primary dealership in these countries and for the purpose of client facilitation. Most of these contracts were further hedged with short government bond positions (see also increase in Govenment bonds in Financial liabilities held for trading).

As a result of the wind-down of activities resulting from the strategic review of Capital Markets Solutions, related equity security portfolios were sold (EUR 4.9 billion). The main portfolios sold were EUR 2.1 billion in FTSE equities, EUR 1.2 billion in equities relating to a EURO STOXX 50 index derivatives basket, and EUR 1.0 billion in equities relating to the closure of the equity derivatives desk in the US.

Financial liabilities held for trading

(in millions)	30 June 2015	31 December 2014
Bonds	3,184	1,710
Equity securities	383	2,016
Total short security positions	**3,566**	**3,725**
Other liabilities held for trading	35	34
Total liabilities held for trading	**3,602**	**3,759**

Financial liabilities held for trading amounted to EUR 3.6 billion at 30 June 2015, a decrease of EUR 0.2 billion or 4.2% compared with EUR 3.8 billion at 31 December 2014. This decline was due mainly to the wind-down of the equity derivatives portfolio (EUR 1.6 billion) resulting from the strategic review of Capital Markets Solutions.

This was partially offset by higher short positions in bonds (EUR 1.5 billion), mainly due to higher volume of short positions in Dutch government bonds (EUR 1.4 billion).

Short positions in equity securities decreased mainly due to closure of the equity derivatives desk in the US.

7 Derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading are closely related to facilitating the needs of our clients. Derivatives held for risk management purposes include the fair value of all derivatives qualifying as hedging instruments in fair value hedges and in cash flow hedges, hedge accounting derivatives, and the fair value of derivatives related to assets and liabilities designated at fair value through profit or loss, economic hedges.

Derivatives comprise the following:

										30 June 2015
	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	1		15			12				28
Fair value liabilities	4		15			7				26
Notionals	570	14	262			1,958				2,804
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	600,661			100			52,989			653,750
Other bilateral										
Fair value assets	12,699	2,942	642	212	599	40	3,425	676		21,235
Fair value liabilities	11,948	2,906	245	125	444	68	8,434	12	-0	24,180
Notionals	214,786	217,557	3,224	3,842	19,700	1,989	83,714	1,547		546,359
Total										
Fair value assets	12,700	2,942	657	212	599	52	3,425	676		21,262
Fair value liabilities	11,952	2,906	260	125	444	74	8,434	12	-0	24,206
Notionals	816,017	217,571	3,486	3,942	19,700	3,946	136,703	1,547		1,202,913

										31 December 2014
	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	13		2			21				36
Fair value liabilities	14		5			10				30
Notionals	163	8	205			2,396				2,773
Over-the-counter										
Central counterparties										
Fair value assets										
Fair value liabilities										
Notionals	544,841						40,372			585,213
Other billateral										
Fair value assets	15,998	3,346	370	254	215	23	4,591	452	-0	25,249
Fair value liabilities	14,383	3,456	344	191	469	18	11,543	15		30,419
Notionals	213,089	163,334	8,719	3,853	27,794	116	93,890	1,399		512,193
Total										
Fair value assets	16,011	3,346	373	254	215	43	4,591	452	-0	25,285
Fair value liabilities	14,398	3,457	348	191	469	28	11,543	15		30,449
Notionals	758,093	163,342	8,923	3,853	27,794	2,512	134,262	1,399		1,100,179

Over-the-counter derivatives that are cleared with central counterparties are offset on the Statement of Financial Position because they are settled (intra) daily on a net basis.

The fair value of interest rate derivatives decreased due to the increase in long-term interest rates. Greater volatility of foreign exchange rates led to increased client activity in currency derivatives. As a result, the total notional amount of currency derivatives held for trading increased. The total notional amount of Derivatives held for trading – other decreased due to the wind-down of the equity derivatives portfolio resulting from the strategic review of Capital Markets Solutions.

8 Financial investments

Financial investments break down as follows:

(in millions)	30 June 2015	31 December 2014
Financial investments:		
Available-for-sale	40,363	40,898
Held at fair value through profit or loss	799	589
Total, gross	**41,162**	**41,487**
Less: Available-for-sale impairment allowance	23	21
Total financial investments	**41,140**	**41,466**

Financial investments amounted to EUR 41.1 billion at 30 June 2015, a decrease of EUR 0.3 billion or 0.8% compared with EUR 41.5 billion at 31 December 2014. This decrease was mainly caused by several sales of Other OECD government bonds (EUR 0.7 billion), Mortgage- and other asset-backed securities (EUR 0.5 billion), Dutch government bonds (EUR 0.3 billion) and Financial Institutions (EUR 0.2 billion), offset by an increase in US government bonds (EUR 1.2 billion).

In 2015, an amount of EUR 280 million in investments in venture capital was reclassified from Equity accounted associates to Financial investments. Since initial recognition, these investments are accounted for at fair value through profit or loss by use of the venture capital exemption for investments that otherwise would be classified as associates.

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 2015	31 December 2014
Interest-earning securities:		
Dutch government	6,544	6,884
US Treasury and US government	3,113	1,939
Other OECD government	20,091	20,779
Non OECD government	581	471
European Union	1,402	1,494
Mortgage- and other asset-backed securities	2,760	3,243
Financial institutions	5,597	5,824
Non financial institutions	33	37
Subtotal	**40,122**	**40,670**
Equity instruments	241	228
Total investment available-for-sale	**40,363**	**40,898**

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes. More information on the liquidity buffer composition can be found in the Funding section of this report.

9 Securities financing

	30 June 2015		31 December 2014	
(in millions)	Banks	Customers	Banks	Customers
Assets				
Reverse repurchase agreements	3,860	11,144	936	6,518
Securities borrowing transactions	6,610	10,307	3,363	6,116
Unsettled securities transactions	1,191	2,414	163	1,415
Total	**11,661**	**23,865**	**4,462**	**14,049**
Liabilities				
Repurchase agreements	2,124	14,566	1,736	7,457
Securities lending transactions	1,457	1,702	672	2,779
Unsettled securities transactions	1,008	1,735	256	1,018
Total	**4,589**	**18,003**	**2,663**	**11,254**

Securities financing consists of securities borrowing and lending and sale and repurchase transactions. Credit risk associated with these activities is controlled by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with or returned when deemed necessary.

Securitities financing assets with banks and customers increased respectively by EUR 7.2 billion and EUR 9.8 billion at 30 June 2015 as a result of the seasonal pattern of this business. The same applies to securities financing liabilities.

10 Fair value of financial instruments

The 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.

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 2014 Consolidated Financial Statements.

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 techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

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

(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value 30 June 2015
Assets				
Financial assets held for trading	5,839	809		6,648
- of which Government bonds and Corporate debt securities	5,778			5,778
- of which Equity securities	61			61
- of which Other financial assets held for trading		809		809
Derivatives held for trading	16	16,196	86	16,298
Derivatives not held for trading	25	4,884	55	4,964
Available-for-sale interest earning securities	35,895	2,749	1,478	40,122
Available-for-sale equities	113	24	81	218
Financial investments designated at fair value through profit or loss	169	15	615	799
Unit-linked investments	1,745	741		2,485
Total financial assets	**43,802**	**25,418**	**2,316**	**71,536**
Liabilities				
Financial liabilities held for trading	3,566	35		3,602
- of which Bonds	3,184			3,184
- of which Equity securities	383			383
- of which Other financial liabilities held for trading		35		35
Derivatives held for trading	19	15,099		15,118
Derivatives not held for trading	64	8,970	54	9,088
Issued debt		1,812		1,812
Unit-linked for policyholders	1,745	741		2,485
Total financial liabilities	**5,395**	**26,657**	**54**	**32,105**

Financial assets and liabilities held for trading valued by quoted market prices in active markets consisted mainly of equity securities, exchange traded derivatives and corporate debt securities (see note 6 Financial assets and liabilities held for trading). Financial assets and liabilities held for trading where valuation techniques based on observable inputs have been used mainly comprise OTC derivatives.

(in millions)	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	31 December 2014 Total fair value
Assets				
Financial assets held for trading	8,196	821		9,017
- of which Government bonds and Corporate debt securities	3,250			3,250
- of which Equity securities	4,946			4,946
- of which Other financial assets held for trading		821		821
Derivatives held for trading	15	19,715		19,730
Derivatives not held for trading	21	5,469	66	5,555
Available-for-sale interest earning securities	35,909	3,173	1,588	40,670
Available-for-sale equities	107	20	80	207
Financial investments designated at fair value through profit or loss	315	2	271	589
Unit-linked investments	1,711	741		2,453
Total financial assets	**46,275**	**29,941**	**2,005**	**78,221**
Liabilities				
Financial liabilities held for trading	3,725	34		3,759
- of which Bonds	1,710			1,710
- of which Equity securities	2,016			2,016
- of which Other financial liabilities held for trading		34		34
Derivatives held for trading	20	18,183		18,203
Derivatives not held for trading	10	12,171	64	12,246
Issued debt		1,981		1,981
Unit-linked for policyholders	1,711	741		2,453
Total financial liabilities	**5,467**	**33,111**	**64**	**38,642**

An explanation of the movements in the different assets and liabilities categories is provided in the designated notes.

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

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

In the first half of 2015, EUR 86 million in OTC derivatives (Financial assets held for trading) were transferred from level 2 to level 3 (see the following table). This transfer took place because one of the unobservable inputs to the fair value measurement became significant.

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
Balance at 1 January 2014	**1,125**	**121**		**75**	**73**
Purchases	5	174			
Sales	-0	-20			
Redemptions	-116				
Gains/(losses) recorded in profit and loss[1]	-0	1			
Unrealised gains/(losses)	6	-6		-9	-9
Other movements[1]	648	2			
Balance at 31 December 2014	**1,668**	**271**		**66**	**64**
Purchases	3	50			
Sales	-63	-24			
Redemptions	-12	-24			
Gains/(losses) recorded in profit and loss[1]	-1				
Unrealised gains/(losses)	-42	35		-11	-11
Transfer between levels	7		86		
Other movements[2]	-2	308			
Balance at 30 June 2015	**1,559**	**615**	**86**	**55**	**54**

1 During 2014 the interest earning securities were reassessed and consequently an amount of EUR 648 million was transferred from level 2 to level 3.
2 In 2015 an amount of EUR 280 million investments in venture capital was reclassified from Equity accounted associates to Financial investments.

Level 3 sensitivity information

The following tables present the level 3 financial instruments carried at fair value as at the balance sheet date for which fair value is measured in full or in part using valuation techniques based on assumptions that are not supported by market observable inputs.

There may be uncertainty about a valuation resulting from the choice of the valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique or model. At 30 June 2015 and 31 December 2014, ABN AMRO performed a sensitivity analysis to assess the range of reasonably possible alternative assumptions that would have a significant impact (i.e. increase or decrease) on the fair value of the instrument.

(in millions)	Valuation technique	Unobservable data	Carrying value	Minimum range	Maximum range	Weighted average	Reasonably possible alternative assumptions: Increase in fair value	Reasonably possible alternative assumptions: Decrease in fair value
30 June 2015								
Equity shares	Private equity-valuation	EBITDA multiples	69	5.0	9.8	7.0	19	-20
Equity shares	Private equity-valuation	Net asset value	628					
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	372	89bps	177bps	133bps	22	-22
Interest earning securities - other	Discounted cash flow	Prepayment rate	1,106	0.0%	10.0%	8.0%	66	-2
Derivatives held for trading	Discounted cash flow	Probability of default	86	1.0%	100.0%	42.0%	10	-19
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	1	0.0%	10.0%	8.0%		
31 December 2014								
Equity shares	Private equity-valuation	EBITDA multiples	65	5.0	9.8	7.0	20	-20
Equity shares	Private equity-valuation	Net asset value	286					
Interest earning securities - Government bonds	Discounted cash flow	Liquidity and credit spread	410	77 bps	145 bps	111 bps	17	-17
Interest earning securities - other	Discounted cash flow	Prepayment rate	1,178	0.0%	10.0%	8.0%	52	-9
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Prepayment rate	2	0.0%	10.0%	8.0%		

Equity 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 (un)listed companies.
  The fair value calculation of an investment is strongly linked with movements on the public (share) markets;
- Net Asset Value (NAV) for Fund Investments and majority stakes. This is determined by using (un)audited company financial statements and any other (public) information available. As a consequence, the net asset value 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.

New investments are valued at cost for the first year of investment. Thereafter, the fair value technique, either EVCA technique or NAV calculation, will be applied for direct investments.

The sensitivity for using comparable pricing is determined by stressing the earnings multiples in a positive and negative market scenario, whereas sensitivity testing for the NAV calculation based upon the quarterly performance cannot be applied.

Interest earning securities

Government bonds

ABN AMRO has a position in a Polish bond, denominated in euros (in note 8 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

The 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 hold the characteristic that 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.

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 an Uniform Counterparty Rating (UCR). This UCR, which is significant to the entire fair value measurement of the derivative contracts included in the previous shown table of Level 3 sensitivity information, is internally generated and is therefore an unobservable input.

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 20 of the Consolidated Annual Financial Statements 2014.

						30 June 2015
	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	15,132		15,132		15,132	
Securities financing	35,526		35,526		35,526	
Loans and receivables - banks	15,641			15,641	15,641	
Loans and receivables - customers	266,776		1,814	273,785	275,599	8,823
Total	**333,075**		**52,472**	**289,426**	**341,898**	**8,823**
Liabilities						
Securities financing	22,592		22,592		22,592	
Due to banks	17,909			17,909	17,909	
Due to customers	230,322			230,322	230,322	
Issued debt	77,814	33,472	44,606		78,078	-264
Subordinated liabilities	9,938	8,178	2,265		10,444	-506
Total	**358,575**	**41,651**	**69,464**	**248,231**	**359,346**	**-770**

						31 December 2014
	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	706		706		706	
Securities financing	18,511		18,511	-0	18,511	-0
Loans and receivables - banks	21,680			21,680	21,680	
Loans and receivables - customers	261,910		2,346	266,819	269,164	7,254
Total	**302,807**		**21,563**	**288,499**	**310,062**	**7,254**
Liabilities						
Securities financing	13,918		13,918		13,918	-0
Due to banks	15,744			15,744	15,744	-0
Due to customers	216,011			216,011	216,011	-0
Issued debt	75,150	18,632	57,961		76,593	-1,443
Subordinated liabilities	8,328	6,588	2,232		8,820	-493
Total	**329,150**	**25,220**	**74,111**	**231,754**	**331,085**	**-1,935**

11 Loans and receivables - banks

(in millions)	30 June 2015	31 December 2014
Interest-bearing deposits	5,663	3,560
Loans and advances	7,385	11,382
Mandatory reserve deposits with central banks	245	6,724
Other	2,348	15
Subtotal	**15,641**	**21,680**
Less: loan impairment allowance		
Loans and receivables - banks	**15,641**	**21,680**

Loans and receivables – banks decreased by EUR 6.0 billion to EUR 15.6 billion at 30 June 2015, mainly as a result of a decrease in the Mandatory reserve deposits with central banks and decrease in Loans and advances. This decrease in Loans and advances is mainly due to lower pledged cash collateral.

Interest-bearing deposits increased by EUR 2.1 billion to EUR 5.7 billion at 30 June 2015 mainly due to higher outstanding current accounts held with international financial institutions.

Loans and advances decreased by EUR 4.0 billion to EUR 7.4 billion at 30 June 2015 due to lower pledged cash collateral related to derivatives under the ISDA Credit Support Annex, for which ABN AMRO Bank needs to pledge collateral with the counterparty (EUR 2.8 billion).

Mandatory reserve deposits with central banks decreased by EUR 6.5 billion to EUR 0.2 billion at 30 June 2015, due to the fact that the cumulative obligation of the Mandatory Reserve was reached. The excess balance on the Mandatory reserve deposits with central banks was therefore transferred to Cash and balances at central banks. Mandatory reserve deposits with central banks are not available for use in the bank's day-to-day operations.

Other Loans and receivables – banks increased by EUR 2.3 billion due to a reassessment of trade bills, which were reclassified from Corporate loans in Loans and receivables – Customers EUR 1.5 million and Loans and advances in Loans and receivables – banks EUR 0.8 million.

12 Loans and receivables - customers

(in millions)	30 June 2015	31 December 2014
Residential mortgages (excluding fair value adjustment)	148,642	148,402
Fair value adjustment from hedge accounting on residential mortgages	3,530	4,134
Residential mortgages, gross	**152,173**	**152,536**
Less: loan impairment allowances - residential mortgage loans	402	538
Residential mortgages	**151,770**	**151,998**
Consumer loans, gross	15,724	16,052
Less: loan impairment allowances - consumer loans	640	654
Consumer loans	**15,084**	**15,398**
Corporate loans	88,308	84,694
Fair value adjustment from hedge accounting on corporate loans	1,394	1,605
Financial lease receivables	3,496	3,357
Factoring	1,929	1,648
Corporate loans, gross	**95,128**	**91,305**
Less: loan impairment allowances - corporate loans	3,626	3,439
Corporate loans	**91,502**	**87,866**
Government and official institutions	1,624	1,971
Other loans	6,797	4,806
Other loans and receivables customers, gross	**8,421**	**6,777**
Less: loan impairment allowances - other	1	129
Other loans and receivables customers	**8,420**	**6,648**
Loans and receivables - customers	**266,776**	**261,910**

Loans and receivables – customers increased by EUR 4.9 billion to EUR 266.8 billion as a result of higher Corporate loans (EUR 3.6 billion) and Other loans (EUR 1.8 billion).

Residential mortgages (excluding fair value adjustments) increased by EUR 0.2 billion. The improvement of the housing market in the Netherlands, triggered by growing consumer confidence, led to higher mortgage production (EUR 5.4 billion). This was partially offset by higher mortgage redemptions and voluntary repayments as a result of the low interest rate on deposits (EUR 5.2 billion).

Corporate loans increased by EUR 3.6 billion to EUR 88.3 billion at 30 June 2015 mainly due to higher outstanding current accounts held with large corporates (EUR 2.7 billion), higher outstanding current accounts with clearing clients (EUR 1.0 billion) and an increase in pledged cash collateral related to derivatives (EUR 0.7 billion). This positive impact was partially offset by the reclassification of trade bills to Loans and receivables banks – Other (EUR 1.5 billion).

Other loans increased by EUR 1.8 billion mainly as a result of higher collateral pledged through central clearing (EUR 1.6 billion). Furthermore, higher funds were required for the clearing business in the US to cover margin requirements on client-facilitating trading (EUR 0.7 billion).

More information on loan impairments is provided in the Credit risk section of this report.

13 Acquisitions and divestments

	First half 2015		First half 2014	
(in millions)	Acquisitions	Divestments	Acquisitions	Divestments
Net assets acquired/Net assets divested	**25**	**-15**	85	-4
Cash used for acquisitions/received for divestments	**-25**	**33**	**-85**	**21**

The acquisitions and divestments were related to investments in equity accounted investments.

14 Due to banks

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

(in millions)	30 June 2015	31 December 2014
Deposits from banks:		
Demand deposits	4,447	3,024
Time deposits	3,028	3,399
Other deposits	10,367	9,276
Total deposits	**17,842**	**15,699**
Other Due to banks	67	45
Total Due to banks	**17,909**	**15,744**

Due to banks increased by EUR 2.2 billion on the back of higher Demand deposits (EUR 1.4 billion) and higher Other deposits (EUR 1.1 billion).

Demand deposits increased by EUR 1.4 billion to EUR 4.4 billion mainly due to overnight positions of international credit institutions.

The increase in Other deposits of EUR 1.1 billion to EUR 10.4 billion was mainly driven by higher outstanding balances with international central banks.

15 Due to customers

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

(in millions)	30 June 2015	31 December 2014
Demand deposits	116,649	109,753
Saving deposits	94,552	88,655
Time deposits	18,906	17,459
Total deposits	**230,107**	**215,867**
Other due to customers	215	144
Total due to customers	**230,322**	**216,011**

Due to customers increased by EUR 14.3 billion to EUR 230.3 billion at 30 June 2015 mainly as result of an increase in Demand deposits (EUR 6.9 billion) and Saving deposits (EUR 5.9 billion).

Demand deposits increased by EUR 6.9 billion to EUR 116.6 billion, mainly due to higher outstanding of current accounts held by large Clearing Bank customers due to temporary liquidity held for trading purposes.

Saving deposits increased by EUR 5.9 billion to EUR 94.6 billion, driven mainly by a higher volume in Retail Banking. Saving deposits in the Dutch retail market in particular were higher due to payment of holiday allowances in May and there was also a growth of retail deposits at MoneYou in Germany (EUR 1.4 billion).

Time deposits increased by EUR 1.4 billion to EUR 18.9 billion mainly due to higher outstanding of deposits held by insurers and other financial institutions.

16 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding as at 30 June 2015 and 31 December 2014 respectively.

(in millions)	30 June 2015	31 December 2014
Bonds and notes issued	64,903	66,349
Certificates of deposit and commercial paper	12,850	8,729
Saving certificates	60	72
Total at amortised cost	**77,814**	**75,150**
Designated at fair value through profit or loss	1,812	1,981
Total issued debt	**79,626**	**77,131**
- of which matures within one year	24,741	20,347

Issued debt as at 30 June 2015 amounted to EUR 79.6 billion, up EUR 2.5 billion or 3.2% compared with EUR 77.1 billion at 31 December 2014. This growth was due chiefly to the increase of EUR 4.1 billion in Certificates of deposit and Commercial paper and the increase of EUR 2.0 billion in Unsecured medium-term notes, offset by EUR 3.4 billion in externally placed RMBS notes which were called. The development of these debt instruments is a continuous process of redemption and issuance of long-term and short-term funding.

The amounts of issued debt issued and redeemed during the period are shown in the Condensed Consolidated Statement of Cash Flows.

Further details on the funding programmes are provided in the Liquidity risk and Funding sections of this report.

Financial liabilities designated at fair value through profit or loss

The cumulative change in fair value of the structured notes attributable to change in credit risk amounted to EUR 16 million (31 December 2014: EUR 13 million).

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities.

The following table specifies the issued and outstanding subordinated liabilities.

(in millions)	30 June 2015	31 December 2014
Perpetual loans	1,258	1,285
Other subordinated liabilities	8,680	7,043
Total subordinated liabilities	**9,938**	**8,328**

Subordinated liabilities amounted to EUR 9.9 billion at 30 June 2015, up EUR 1.6 billion or 19.3% compared with EUR 8.3 billion at 31 December 2014. This increase was driven mainly by a EUR 1.5 billion 2.875% newly issued subordinated loan. The maturity date of this loan is June 2025, with a possible call in June 2020.

17 Provisions

The following table shows a breakdown of provisions at 30 June 2015 and 31 December 2014 respectively.

(in millions)	30 June 2015	31 December 2014
Insurance fund liabilities	157	183
Provision for pension commitments	97	91
Restructuring	204	233
Other staff provision	176	182
Other	517	314
Total provisions	**1,152**	**1,003**

Total provisions increased by EUR 149 million to EUR 1,152 million at 30 June 2015 compared with EUR 1,003 million at 31 December 2014. This was due mainly to the recording of a tax provision and the recording of provisions for interest rate derivatives for small and medium-sized enterprises (SME) clients and for mortgage administration inconsistencies, partly offset by utilisation of existing provisions.

During the first half of 2015, ABN AMRO considered several developments around the tax treatment of transactions related to the discontinued part of the Securities Financing activities in 2009. It was concluded that changes to the level of provisioning were required.

The increase in Other was due to an increase in tax provisions, the recording of provisions for interest rate derivatives for SME clients and mortgage administration inconsistencies.

Provision for Interest rate derivatives to SME clients

The bank has entered into interest rate derivatives with its SME clients in combination with floating interest rate loans. The bank has approximately 350,000 SME clients, of which around 4,500 have entered into one or more interest rate derivative transactions. The bank's portfolio consists of approximately 6,000 interest rate derivative transactions with SMEs, primarily consisting of interest rate swaps and interest rate caps. SME clients with a floating interest rate loan entered into an interest rate derivative with the purpose of fixing their interest rate. In most cases, the combination of a floating interest rate loan together with an interest rate derivative was aimed to result in a lower fixed interest rate for the client than the alternative of a loan with a fixed interest rate.

At the request of both the AFM and the Dutch Ministry of Finance, a dedicated project team within the bank undertook a review of all SME client files containing interest rate derivatives. The review was aimed to determine whether the bank has acted in accordance with its duty of care obligations in connection with the sale of interest rate derivatives to its SME clients.

The review of these files was completed in the first half of 2015, and all 4,500 SME client files have now been reviewed. The outcome of the review is that in several instances ABN AMRO is unable to determine conclusively that it has fully complied with its duty of care obligations in connection with the sale of interest rate derivatives to SME clients. In these cases it could not be fully established that clients were sufficiently informed about the risks of their particular combination of floating rate interest loan and interest rate derivative, specifically in the scenario of declining interest rates.

For example, the review revealed cases of a mismatch between the loan and the interest rate derivative. This could be caused by an early prepayment of the loan or mismatches in other features of the loan and the interest rate derivative. A mismatch could lead to the relevant SME client being overhedged. As a result, these SME clients are faced with a risk exposure which is in most cases equal to the difference between the floating interest rate to be received and the fixed interest rate to be paid in the interest rate derivative, to the extent of the overhedge. To resolve the overhedge situation, the interest rate derivative has to be (partially) unwound. However, as a result of the declining floating interest rates, the interest rate derivative has a negative mark-to-market value. Pursuant to the terms of the interest rate derivatives contract, the mark-to-market value has to be settled by the parties when unwinding interest rate derivatives. This settlement results in a payment obligation by the SME client, which is similar to the penalty paid upon early repayment of an equivalent fixed interest rate loan.

Following the - case by case - duty of care analysis, the bank has in a number of SME client files agreed to (i) (partially) unwind the interest rate swap and/or (ii) partly compensate the SME client. ABN AMRO aims to provide an appropriate solution, if applicable, to all other relevant SME clients before the end of 2015. ABN AMRO has recognised a provision at the end of Q2 2015 for the anticipated compensation amounts.

Provision for mortgage administration inconsistencies

Other provisions include a provision for inconsistencies between the administration of the bank and business partners with respect to one of our mortgage products. The recorded provision is a best estimate. ABN AMRO will assess this provision every quarter.

18 Commitments and contingent liabilities

(in millions)	30 June 2015	31 December 2014
Committed credit facilities	20,934	16,164
Guarantees and other commitments:		
Guarantees granted	2,657	2,592
Irrevocable letters of credit	5,510	5,499
Recourse risks arising from discounted bills	6,040	7,243
Total guarantees and other commitments	**14,207**	**15,335**
Total	**35,141**	**31,498**

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Commitments and contingent liabilities amounted to EUR 35.1 billion at 30 June 2015, up EUR 3.6 billion or 11.5% compared with EUR 31.5 billion at 31 December 2014. This increase was mainly caused by a rise of EUR 4.8 billion in the committed credit facilities offset by a decrease of EUR 1.2 billion in the recourse risks arising from discounted bills.

The increase in Committed credit facilities was mainly related to the irrevocable credit lines granted to Corporate Banking clients (EUR 3.7 billion) and to the outstanding credit offers for residential mortgages (EUR 1.0 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 information, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable. Charges other than those taken periodically for defence costs are not established for matters when losses cannot be reasonably estimated.

On the basis of information currently available, and having taken legal counsel, ABN AMRO believes that the outcome of these proceedings is unlikely to have a materially adverse effect on ABN AMRO's interim financial position and interim result. For a list of the main relevant legal proceedings, see Note 32 of the 2014 Annual Financial Statements.

Cross liability

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 32 of the 2014 Consolidated Annual Financial Statements, ABN AMRO was subject to one demerger in 2010 with RBS N.V.

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 received from RBS relating to these assets and liabilities in RFS Holdings B.V. It is currently unclear if this will lead to a payment from ABN AMRO under the indemnity agreement.

19 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 Managing Board, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities.

Loans and advances to the Managing 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 34 of the Annual financial statements 2014. ABN AMRO has applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2015				
Assets	28	292		320
Liabilities	258	775		1,033
Irrevocable facilities		44		44
First half 2015				
Income received	16	24		40
Expenses paid	8	34	147	189
31 December 2014				
Assets	20	325		345
Liabilities	161	749		910
Irrevocable facilities		40		40
First half 2014				
Income received	16	24		40
Expenses paid	8	4	383	395

Balances with the Dutch State

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, financial investments – available for sale, and are entered into under the same commercial and market terms that apply to non-related parties.

(in millions)	30 June 2015	31 December 2014
Assets:		
Financial assets held for trading	2,199	897
Financial investments - available for sale	6,544	6,884
Loans and receivables - customers	1,267	1,606
Other assets	18	22
Liabilities:		
Due to customers	1,931	1,968
Subordinated loans	1,653	1,654
	First half 2015	First half 2014
Income statement:		
Interest income	75	72
Interest expense	51	83
Net trading income	27	
Net fee and commission income		-13

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

During the first half year of 2015 a final dividend of EUR 275 million was paid to NLFI (first half year 2014: EUR 200 million).

Part of Due to customers (EUR 1.9 billion) and the full amount of subordinated loans are related to liabilities the Dutch State acquired from Ageas on 3 October 2008.

Financial assets held for trading increased by EUR 1.3 billion as a result of primary dealership and client facilitation activities.

Loans and receivables – customers decreased by EUR 0.3 billion due to lower cash collateral pledged as a result of a decrease in Financial liabilities held for trading.

Net fee and commission income was nihil, as the last settlement of the guarantee fee to be paid to the Dutch State in relation to the EC Remedies guarantee will be due in the second half of the year.

Royal Bank of Scotland (RBS) is the legal owner of specific Consortium shared assets and liabilities. These assets and liabilities are for the risk and reward of RBS, Santander and the Dutch State as shareholder of RFS Holdings B.V. On 1 April 2010 ABN AMRO 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.

20 Post balance sheet events

On 10 April 2015, ABN AMRO Bank N.V. announced the transfer of the diamond and jewellery activities in India to IndusInd Bank Limited. These activities were conducted under cohabitation with Royal Bank of Scotland in India. The transfer was subject to the satisfaction of closing conditions. These conditions were met and, as a result, the transfer of the activities was completed on 24 July 2015.

Having contributed for the past six years to the process of rebuilding ABN AMRO, Marjan Oudeman has decided to step down from the Supervisory Board with effect from 30 September 2015.
Her decision is based on the various other positions she holds and the time required to fulfil these positions. Ms Oudeman has taken into account the restriction on the number of positions that are allowed to be held under the Financial Supervision Act *(Wet financieel toezicht)* and the new phase the bank is entering. The procedure for finding a successor to Ms Oudeman is currently underway.

Review report

To: The Shareholder, Supervisory Board and Managing Board of ABN AMRO Group N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 June 2015 of ABN AMRO Group N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2015, the condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period of 6 months ended 30 June 2015, and the notes. The Managing Board of the Company 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 auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

KPMG Accountants N.V.
Amstelveen, 20 August 2015

D. Korf RA

other

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Investor call

Gerrit Zalm, Chairman of the Managing Board, Kees van Dijkhuizen, CFO, and Wietze Reehoorn, CRO and head of group strategy, will host a conference call for analysts and investors on Friday 21 August 2015 at 14:00 CET (13:00 UK time).

To participate in the conference call, we strongly advise 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 www.abnamro.com/ir.

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Information on our website does not form part of this Interim Report & Quarterly 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 topublicly 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.

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