Interim Report & Quarterly Report second quarter 2014

ABN AMRO Group N.V.

Notes to the reader

Introduction

This report contains ABN AMRO's operating and financial review, an economic update and selected risk, capital, liquidity and funding disclosures for the second quarter as well as for the first half year of 2014. This report represents our Quarterly Report for the second quarter of 2014, our Interim Report 2014 and includes our Condensed Consolidated Interim Financial Statements for 2014.

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 (IFRS-EU) and are reviewed by our external auditor. Some disclosures in the Risk management chapter 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 2014 compared to the first six months of 2013 and of the financial position as at 30 June 2014 compared to 31 December 2013 constitute our Interim Report and are signposted separately. In addition, this report contains an elaborate analysis of our performance during the second quarter of 2014. For further details on the first quarter of 2014, please refer to our Quarterly Report for the first quarter of 2014.

As of 1 January 2014 capital metrics and risk exposures according to Basel are reported under the Basel III (CRR/CRD IV) framework. Comparative figures for 2013 are reported according to Basel II. Where applicable, we have provided pro-forma figures for comparison purposes.

As of Q1 2014, management has adopted a view to provide a better understanding of the underlying trends in financial performance. The statutory results reported in accordance with IFRS-EU have been adjusted for defined special items and divestments.

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 Quarterly 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.

Other publications

In addition to this report, ABN AMRO provides the following supplementary documents for its 2014 results on abnamro.com/ir:

- statistical factsheet;
- investor call presentation;
- road show presentation;
- quarterly report first quarter 2014.

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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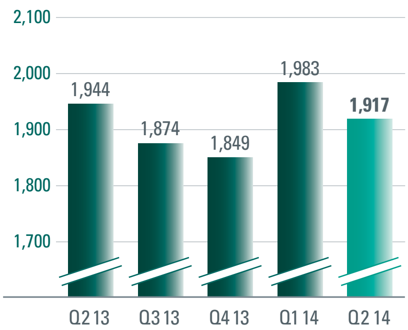
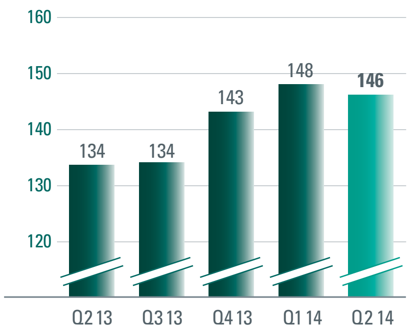
figures at a glance 1

P&L drivers

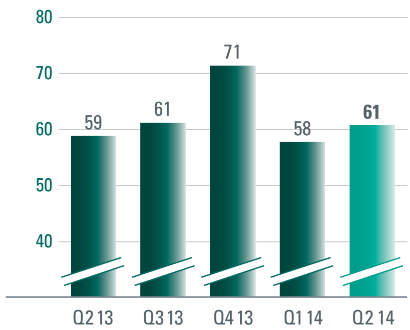
Underlying operating income
(in EUR millions)



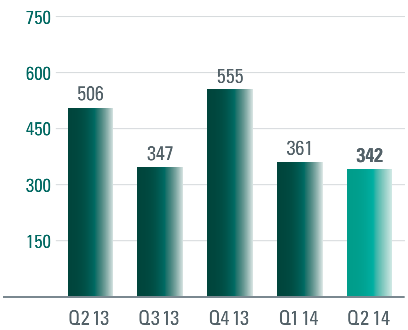
Underlying net interest margin
(NIM in bps)



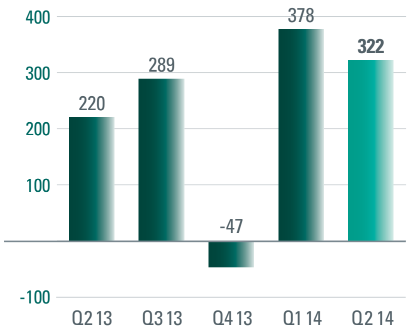
Underlying cost/income ratio
2017 target range is 56-60% (in %)



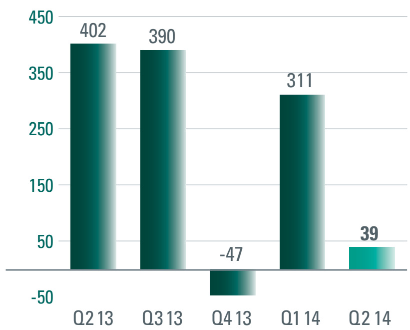
Underlying impairment charges
(in EUR millions)



Underlying net profit
(in EUR millions)

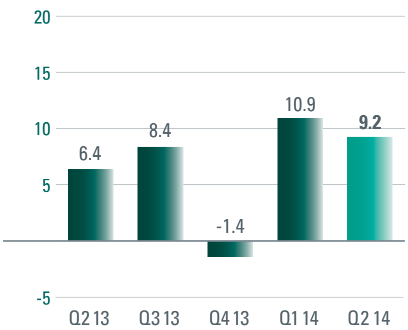


Reported net profit
(in EUR millions)

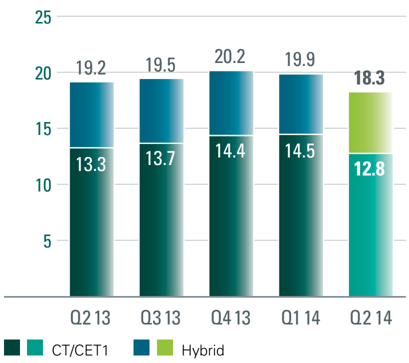


Return on equity & capital

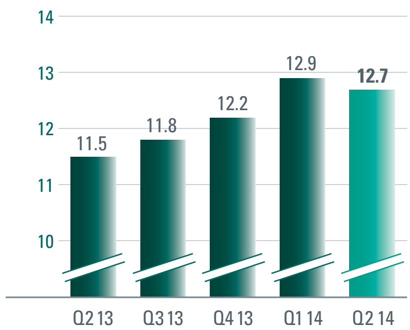
Underlying return on equity
2017 target range is 9-12% (in %)



Regulatory capital
(in %)



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



Chairman of the Managing Board's message 2

In the second quarter, the Dutch economy showed signs of further improvement. Important indicators such as producer confidence and consumer confidence were rising, leading to higher business investment as well as a somewhat lower unemployment rate. The Dutch housing market continued to improve in the second quarter, resulting in a growing number of residential housing transactions and an on-going rise in average house prices since the middle of last year.

The underlying net profit of EUR 322 million in the second quarter was up EUR 103 million compared with the corresponding period in 2013. This translates into an ROE of 9.2% for the second quarter. While net interest income and net fee income proved to be resilient revenue sources in the second quarter, other operating income showed a decline. Expenses were up slightly and the underlying cost/income ratio was 61%. Further cost control will remain the focus in the coming period. Cost control, as well as our plans to modernise our core IT systems and improve processes over the next few years, are expected to result – after the necessary investments in the coming years – in structurally lower costs for the bank in the medium term.

Impairment charges in the second quarter were lower than the high levels reported in the same period last year. Lower charges were recorded particularly for SMEs and mortgages, which is promising. Nevertheless, a large proportion of SMEs, as well as a fair number of households, are still experiencing very challenging times, lagging behind the improvements seen in the Dutch economy.

The reported net profit, which includes special items, decreased year-on-year to EUR 39 million in the second quarter of 2014. This was impacted by a EUR 216 million cost for the transition to our new defined-contribution pension scheme and a EUR 67 million levy for the nationalisation of SNS Reaal.

The new pension scheme, covering all existing and future pension obligations of ABN AMRO, will lower the volatility of regulatory capital and future pension costs and is therefore an important step forward. In the second quarter we also announced that we had concluded our strategic review of Markets. This led to the decision, among others, to discontinue our equity derivatives, a process which is now on-going.

Looking at the first half of this year, we have made good progress in realising the targets set for 2017: a C/I ratio of 56-60%, a ROE of 9-12% and a CET1 ratio of 11.5-12.5%. The underlying net profit of EUR 700 million in the first half of 2014 results in a ROE of 10.1%, a significant improvement on the 7.6% for the same period in 2013. Compared with the first half of 2013, the underlying cost/income ratio decreased by two percentage points to 59%. The CET1 ratio was 12.8%, and the fully-loaded CET1 amounted to 12.7% at the end of June 2014.

Overall, we are satisfied with the results and remain cautiously optimistic about the recovery of the Dutch economy. For the second half of the year, we expect to see a continuation of positive economic developments in the Netherlands, although with geopolitical risks in the world mounting, the upward trend may be strained going forward.

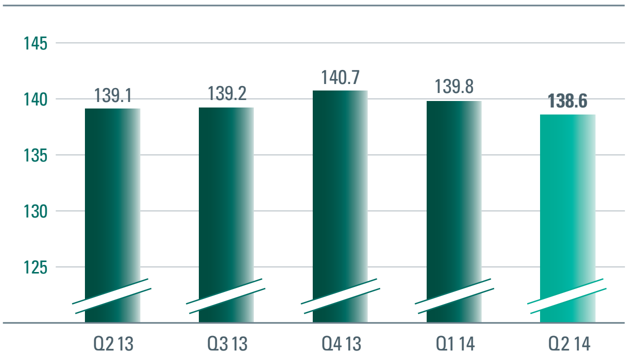
Gerrit Zalm
Chairman of the Managing Board

economic environment 3

The global economy is underlying gaining momentum. The US is experiencing a self-sustaining recovery that is actually picking up. The easing of the eurocrisis provides room for recovery in Europe. We expect the favourable developments to continue into the second half of the year. Geopolitical risks (e.g. Ukraine), however, have increased recently. On average, the Dutch economy grew slightly in the first half of the year, due to specific Dutch negative one-offs in Q1 2014 and the subsequent positive reaction to this in Q2 2014. Despite the negative one-offs, Dutch economic growth hardly stayed behind the eurozone growth figure.

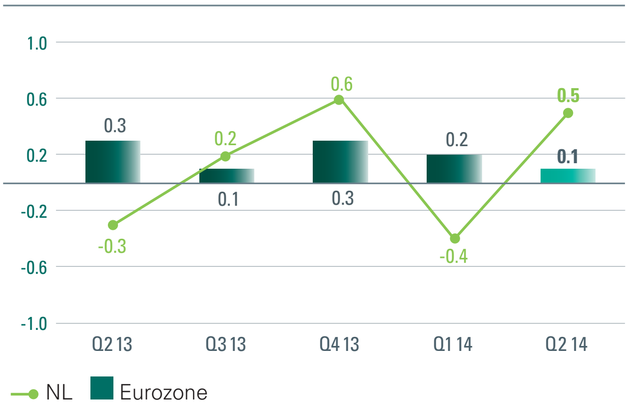
Domestic demand

Level of Dutch domestic demand (consumptions, investments and change in stocks)
In EUR billion, source: CBS



GDP

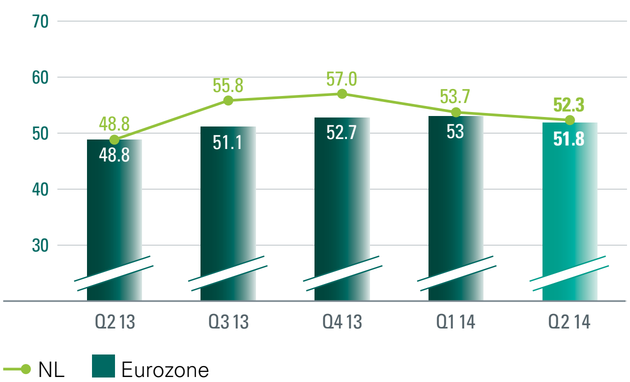
Quarterly development of Gross Domestic Product, in % quarter-on-quarter growth, source: Eurostat and CBS



- Q2 2014 figure for consumption showed positive reaction to negative effects (e.g. low gas sales) of Q1 2014;
- Fixed investments dropped strongly in Q2 2014.

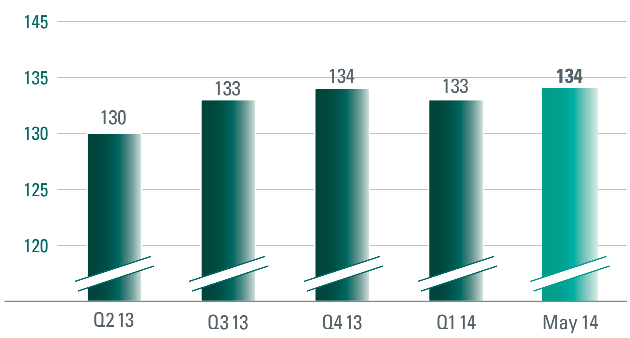
- Q2 2014 showed positive reaction to negative one-offs of Q1 2014;
- Exports contributed to growth;
- Economic indicators point to further growth.

Purchasing Managers' indices
Purchasing Managers' Index, >50: growth, <50: contraction, source: Markit



- Dropped in course of H1 2014;
- This is (well) above 50, which points to further modest growth.

World trade index
World trade index, 2005 = 100, source: CPB World trade monitor



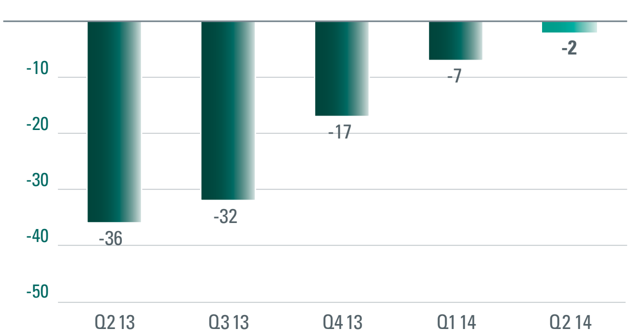
- World trade seems to be on an upward trend;
- Disappointing development in Jan-May considered temporary;
- Trade expected to rise further on back of US recovery.

The recovery of the Dutch economy started abroad, initially benefiting internationally oriented sectors, but this year most domestic sectors are improving as well.

We have recently slightly adjusted the sector forecasts for this year (upwards for some sectors and slightly downwards for others). On balance, we are slightly more optimistic than at the beginning of this year and do not expect any sector to contract further in 2014, including the construction and retail sectors. The strongest growth figures (volumes: +3%) are expected for construction and manufacturing.

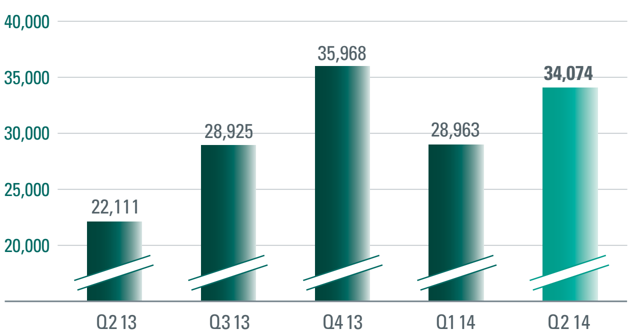
The gradual, albeit slow economic recovery has resulted in fewer bankruptcies. Following a 7% year-on-year rise in the second half of 2013, the number of bankruptcies dropped by 20% year-on-year in this year's first half, with the decrease most marked in construction, agribusiness and manufacturing. We expect the total number of bankruptcies to fall in 2014, but the level is expected to stay historically high.

Consumer confidence
Dutch consumer confidence index, shown as % balance of positive and negative answers, source: CBS



- Confidence rose further in H1 2014, but stabilised in past few months;
- Still negative (-2), but higher than long-term average (roughly -7).

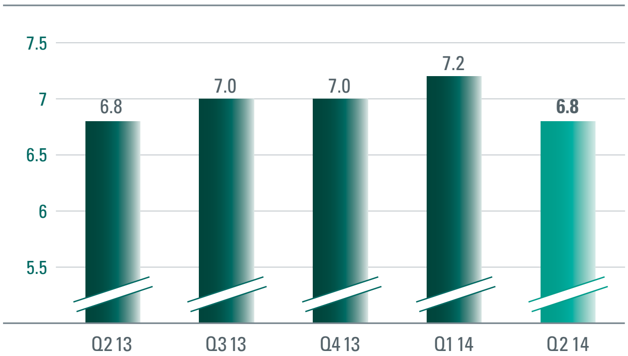
Houses sold
Number of houses sold in the Netherlands, source: CBS



- Transactions rose by 25% year-on-year in Q1 2014 and by 54% in Q2 2014.

Unemployment

Number of unemployment in % of total labour force, the Netherlands, source: CBS



- Unemployment decreased on balance in H1 2014;
- Drop in Q2 2014 mainly due to more job vacancies.

Financial results

operating and financial review 4

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 for the second quarter of 2014 compared with the second quarter of 2013, as well as the first half of 2014 compared with the first six months of 2013 on the basis of underlying results. For a reconciliation of reported versus underlying results, please refer to the Additional Financial Information section on page 28.

Income statement

Operating results

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change	First half 2014	First half 2013	Change
Net interest income	1,441	1,360	6%	1,432	1%	2,873	2,665	8%
Net fee and commission income	420	417	1%	421	-0%	842	829	1%
Other operating income	56	167	-66%	129	-57%	185	229	-19%
Operating income	**1,917**	**1,944**	**-1%**	**1,983**	**-3%**	**3,900**	**3,723**	**5%**
Personnel expenses	591	580	2%	565	5%	1,156	1,162	-0%
Other expenses	571	561	2%	577	-1%	1,149	1,112	3%
Operating expenses	**1,162**	**1,141**	**2%**	**1,143**	**2%**	**2,305**	**2,274**	**1%**
Operating result	**755**	**803**	**-6%**	**840**	**-10%**	**1,595**	**1,449**	**10%**
Impairment charges on loans and other receivables	342	506	-32%	361	-5%	703	766	-8%
Operating profit before taxes	**413**	**296**	**39%**	**479**	**-14%**	**892**	**683**	**31%**
Income tax expenses	91	77	19%	101	-10%	192	174	10%
Underlying profit for the period	**322**	**220**	**47%**	**378**	**-15%**	**700**	**510**	**37%**
Special items and divestments	- 283	182		- 67		- 350	307	
Reported profit for the period	**39**	**402**		**311**		**351**	**817**	

Other indicators

	Q2 2014	Q2 2013	Q1 2014	First half 2014	First half 2013
Underlying cost/income ratio	61%	59%	58%	59%	61%
Underlying return on average Equity	9.2%	6.4%	10.9%	10.1%	7.6%
Net interest margin (NIM) (in bps)	146	134	148	147	131
Underlying cost of risk (in bps)[1]	119	168	124	122	127

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.

	30 June 2014	31 March 2014	31 December 2013
Assets under Management (in billions)	176.4	170.6	168.3
FTEs	22,019	22,255	22,289

Second-quarter 2014 results

ABN AMRO's underlying profit for the second quarter of 2014 amounted to EUR 322 million, an increase of EUR 103 million compared with the second quarter of 2013 due to lower impairments.

The underlying ROE increased to 9.2% over the second quarter, from 6.4% in the same period last year. The underlying cost/income ratio was 61%.

Underlying profit in the second quarter of 2014 amounted to EUR 322 million.

Operating income showed a marginal decrease to EUR 1,917 million. The increase in net interest income by EUR 81 million was more than offset by lower other operating income.

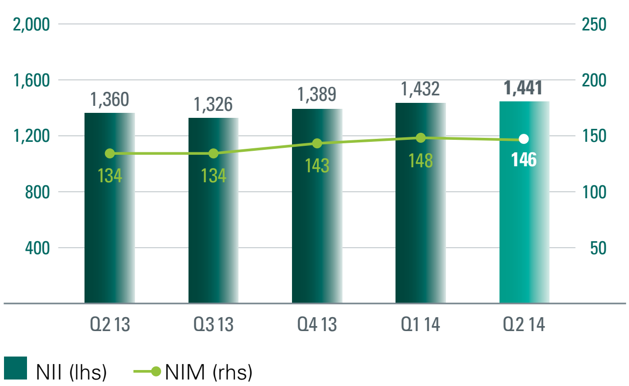
Net interest income continued to rise and amounted to EUR 1,441 million, driven by both margin and volume growth. Improved deposit margins, in particular, were a major contributor, while year-on-year average deposit volumes increased by 2%.

Margins for mortgages also showed an improvement due to the gradual re-pricing of the mortgage book at higher margins. Especially mortgages originated pre-crisis have low margins and do not reflect the current costs involved. Market share on new mortgage production in the Netherlands was higher compared to Q2 2013 at around 20%[1]. Nevertheless, the mortgage portfolio shrank somewhat year-on-year due to increased redemptions.

Commercial loans also showed margin improvement compared with Q2 2013. The average size of the commercial loan portfolio continues to decline year-on-year, especially in Business Banking. ECT continued to grow and we have recently noted a pickup in volume of the loan book of Corporate Clients.

Net interest income

(in millions (lhs), in bps (rhs))



Net fee and commission income was EUR 420 million and has been relatively stable over the last six quarters.

Other operating income amounted to EUR 56 million and was primarily impacted by lower CVA/DVA results in Q2 2014 compared with the previous year (EUR 48 million in Q2 2013 versus EUR 4 million in Q2 2014) as well as lower trading results at Markets and lower Private Equity valuations in Q2 2014.

1 Source: The Netherlands' Land Registry and Mapping Agency (Kadaster)

Personnel expenses amounted to EUR 591 million, up 2% on the second quarter of 2013, largely driven by a restructuring provision for both Markets and Business Banking of EUR 8 million in total. The restructuring provision for Markets was the outcome of a strategic review, while in Business Banking the provision was taken following the introduction of our sector approach in combination with clustering of branches. The decrease in FTEs is only partly reflected in personnel expenses, as a considerable portion of the decrease was realised in June 2014.

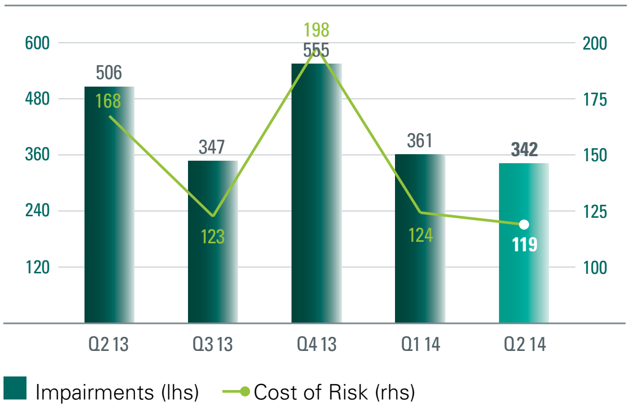
Other expenses rose by EUR 10 million compared with Q2 2013, largely due to an increase in costs for temporary staff including for the Asset Quality Review.

Operating result amounted to EUR 755 million. The underlying cost/income ratio was 61%, slightly above the 59% figure for Q2 2013.

Impairment charges on loans and other receivables fell by EUR 164 million compared with Q2 2013 and amounted to EUR 342 million in Q2 2014. The decrease in loan impairments is primarily driven by lower loan impairments in SMEs as well as in mortgages.

Impairment charges

(in millions (lhs), in bps (rhs))



The Dutch economy has continued to recover after a weak start in the beginning of 2014. The first signs of improvement were seen in consumer and producer confidence, together with an acceleration in business investment, a higher number of job vacancies, a somewhat lower unemployment rate, increasing residential housing transactions and rising average house prices. However, despite these tentative signs of recovery, impairment levels are expected to remain at elevated levels for some time.

The inflow of new volume in our Financial Restructuring & Recovery department in Q2 2014 is lower compared with the same period last year. This trend is in line with the trend seen in Q1 2014 compared with Q1 2013 and mainly visible in Business Banking. However, despite the lower inflow of volume the inflow remains volatile on a periodic basis.

The underlying cost of risk (annualised impairment charges over average RWA) amounted to 119 bps, down from 168 bps in Q2 2013 and 143 bps over the full year 2013.

Mortgage impairment charges over the total mortgage book were significantly lower at 11 bps (annualised) for the second quarter of 2014, down from 25 bps in the same quarter last year.

The decrease in loan impairments for commercial loans was predominantly in Business Banking and Merchant Banking. The decrease for commercial loan impairments was largest in the construction, industrial services, financial services and food & beverage industries. However, even though we have seen lower impairments in these segments, impairment levels remained high in industrial services as well as in the retail and real estate sectors.

Income tax expenses amounted to EUR 91 million.

Assets under Management grew by EUR 5.8 billion compared to Q1 2014, due to an increase in net new assets as well as market performance.

Results for the first six months 2014

Underlying profit for the first six months amounted to EUR 700 million, a rise of EUR 190 million compared to the first six months of the previous year. Underlying ROE increased to 10.1% in the first six months of 2014 compared with 7.6% for the same period last year.

Operating income grew by 5% to EUR 3,900 million.

Net interest income showed an increase of EUR 208 million or 8% to EUR 2,873 million. The improvement was predominantly driven by higher margins on deposits and - to a lesser extent - on commercial loans and mortgages. Volume growth in deposits and ECT loans also positively impacted net interest income. Mortgage volumes continued to decline compared to a year ago as a result of higher redemptions.

Net fee and commission income rose by EUR 13 million, due to higher fees in Large Corporates & Merchant Banking (LC&MB).

Other operating income amounted to EUR 185 million and was impacted by lower CVA/DVA gains in Merchant Banking and by deteriorating Markets results.

Operating expenses showed a marginal increase to EUR 2,305 million.

Operating result increased by EUR 146 million and the underlying cost/income ratio improved to 59% from 61% in the first six months of 2013.

Impairment charges were EUR 63 million down from the high levels of the first six months of 2013, and stood at EUR 703 million. The decline in lower impairment charges was mainly for SMEs and mortgages.

The cost of risk decreased to 122 bps from 127 bps in the same period last year.

Balance sheet

Condensed statement of financial position

(in millions)	30 June 2014	31 March 2014	31 December 2013
Cash and balances at central banks	6,776	5,492	9,523
Financial assets held for trading	28,044	27,656	23,867
Financial investments	36,179	31,793	28,111
Loans and receivables - banks	30,016	37,207	31,210
Of which securities financing activities	14,919	14,622	7,267
Loans and receivables - customers	281,393	276,070	268,147
Of which securities financing activities	23,608	19,833	11,119
Other	13,423	12,081	11,164
Total assets	**395,831**	**390,299**	**372,022**
Financial liabilities held for trading	17,974	15,753	14,248
Due to banks	16,713	16,608	15,833
Of which securities financing activities	6,215	5,979	4,207
Due to customers	232,190	229,621	215,643
Of which securities financing activities	22,830	20,589	8,059
Issued debt	90,473	89,364	88,682
Subordinated liabilities	7,984	7,970	7,917
Other	16,574	17,050	16,131
Total liabilities	**381,909**	**376,365**	**358,454**
Equity attributable to the owners of the parent company	13,910	13,921	13,555
Equity attributable to non-controlling interests	12	13	13
Total equity	**13,922**	**13,933**	**13,568**
Total liabilities and equity	**395,831**	**390,299**	**372,022**

Main developments in total assets compared with 31 March 2014

Total assets increased to EUR 395.8 billion at 30 June 2014 from EUR 390.3 billion at 31 March 2014, mainly due to a seasonal increase in securities financing positions.

Financial investments rose by EUR 4.4 billion as a result of purchases for the liquidity buffer.

Loans and receivables – banks decreased by EUR 7.2 billion compared with 31 March 2014, mainly as a result of lower interest-bearing deposits at the ECB, partly offset by an increased client flow for securities financing.

Loans and receivables – customers grew by EUR 5.3 billion largely due to an increase in securities financing positions of EUR 3.8 billion. Commercial loans in both ECT and Corporate Clients increased. The increase in other lending is primarily due to growth in Clearing. The residential mortgage book, consumer loans and commercial loans at Business Banking declined somewhat.

Loans and receivables – customers

(in millions)	30 June 2014	31 March 2014	31 December 2013
Retail Banking	157,044	157,706	157,755
Private Banking	16,936	16,891	16,926
Commercial Banking	39,610	39,588	40,153
Merchant Banking	63,881	58,118	49,407
Group Functions	3,922	3,766	3,905
Total loans and receivables - customers	**281,393**	**276,070**	**268,147**
Loan impairment allowance	5,185	5,137	4,975
Total loans and receivables - customers (gross carrying amount)	**286,578**	**281,207**	**273,122**
Securities financing	23,608	19,833	11,119
Fair value adjustments from hedge accounting	5,040	4,722	4,399
Other lending[1]	13,207	11,652	12,618
Total loans and receivables customers - Client lending	**244,723**	**245,000**	**244,986**
Of which:			
Residential mortgages lending	150,040	150,580	150,493
Consumer lending	15,985	16,105	16,241
Commercial lending[2]	78,696	78,316	78,252

1. Other lending consists of loans and receivables to government, official institutions and financial markets parties and Markets.
2. Includes financial lease receivables and factoring, excludes Markets.

Main developments in total liabilities compared with 31 March 2013

Total liabilities increased by EUR 5.5 billion compared with 31 March 2014, mainly due to growth in securities financing volumes, higher valuation of the interest rate derivative positions and an increase in long-term funding.

Financial liabilities held for trading were EUR 2.2 billion higher, mainly resulting from higher valuations of interest rate derivative positions for client based transactions.

Due to customers increased by EUR 2.6 billion, mainly on the back of an increase in securities financing. Customer deposits grew by EUR 0.2 billion, largely due to further growth in Retail Banking. The overall deposit market share in the Netherlands was around 24%[2] in the second quarter of 2014.

2 Source: Statistics Netherlands (central bureau of statistics)

Due to customers

(in millions)	30 June 2014	31 March 2014	31 December 2013
Retail Banking	90,733	88,269	87,515
Private Banking	60,286	60,208	59,751
Commercial Banking	37,126	36,781	37,871
Merchant Banking	41,353	41,517	27,456
Group Functions	2,692	2,847	3,050
Total Due to customers	**232,190**	**229,621**	**215,643**
Demand deposits	80,683	80,160	79,215
Saving deposits	89,951	87,726	87,448
Time deposits	17,515	20,161	19,638
Other deposits	20,794	20,670	20,936
Total Deposits	**208,942**	**208,717**	**207,237**
Securities financing activities	22,830	20,589	8,059
Other borrowings	418	316	347
Total Due to customers	**232,190**	**229,621**	**215,643**

Issued debt increased by EUR 1.1 billion to EUR 90.5 billion. A total EUR 3.1 billion of new long-term funding was raised whereas EUR 2.0 billion of debt matured. Total outstanding short-term commercial paper and certificates of deposit remained stable in the second quarter.

Subordinated liabilities remained virtually unchanged at EUR 8.0 billion.

Total equity remained unchanged at EUR 13.9 billion compared with 31 March 2014. The reported profit of EUR 39 million retained in Equity was significantly impacted by the migration to a new pension scheme and the SNS Reaal levy.

Main developments of total assets and total liabilities compared with 31 December 2013

Total assets increased EUR 23.8 billion to EUR 395.8 billion at 30 June 2014 from EUR 372.0 billion at 31 December 2013. The increase was for the largest part due to a seasonal increase in securities financing positions.

Total liabilities increased to EUR 381.9 billion at 30 June 2014 from EUR 358.5 billion at 31 December 2013. The increase by EUR 23.5 billion was largely due to a seasonal increase in securities financing positions.

results by segment 5

The results by segment section includes a discussion and analysis of the results of operations, and of the financial condition of ABN AMRO at segment level for the second quarter of 2014 compared with the second quarter of 2013, on the basis of underlying results.

Retail Banking

Operating results

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change	First half 2014	First half 2013	Change
Net interest income	782	751	4%	765	2%	1,547	1,460	6%
Net fee and commission income	110	117	-6%	114	-4%	224	229	-2%
Other operating income	10	8	31%	7	47%	18	19	-7%
Operating income	**903**	**876**	**3%**	**886**	**2%**	**1,789**	**1,708**	**5%**
Personnel expenses	121	118	3%	120	1%	241	243	-1%
Other expenses	316	298	6%	330	-4%	646	598	8%
Operating expenses	**437**	**416**	**5%**	**450**	**-3%**	**887**	**841**	**5%**
Operating result	**466**	**460**	**1%**	**436**	**7%**	**902**	**867**	**4%**
Impairment charges on loans and other receivables	109	151	-28%	150	-27%	259	284	-9%
Operating profit before taxes	**357**	**309**	**15%**	**287**	**24%**	**643**	**583**	**10%**
Income tax expenses	88	77	15%	71	23%	160	144	11%
Underlying profit/(loss) for the period	**269**	**232**	**16%**	**215**	**25%**	**484**	**439**	**10%**
Special items and divestments								
Reported profit for the period	**269**	**232**	**16%**	**215**	**25%**	**484**	**439**	**10%**

Retail Banking's underlying profit rose by 16% in the second quarter of 2014 compared with the second quarter in 2013. Impairments were lower and margins on savings and mortgages improved year-on-year.

Net interest income grew by EUR 31 million compared with Q2 2013 mainly due to an improvement in deposit margins and, to a lesser extent, higher deposit volumes. The margin on mortgages increased somewhat as margins on new mortgages (and for interest period resets) are above the average margin of the existing portfolio. Especially mortgages originated pre-crisis have low margins and do not reflect the current costs involved.

Net fee and commission income showed a limited decline and amounted to EUR 110 million. This change is due to fewer investment transactions and a switch to an all-in fee model for investment products in the Netherlands.

Personnel expenses rose by 3% compared with Q2 2013. Q2 2013 personnel expenses included a release of a pension cost compensation and this was only partly offset by lower costs resulting from a decrease in FTEs following a further reduction in the number of branches in the Netherlands.

Other expenses grew by 6% compared with Q2 2013, primarily due to a higher allocation of IT costs incurred as a result of the modernisation of the core IT systems and improvement of processes in the coming years.

Operating result was up by EUR 6 million and the underlying cost/income ratio remained almost unchanged at 48%.

Impairment charges on loans and other receivables fell significantly - a drop of EUR 42 million in comparison with Q2 2013. This drop was driven by lower impairments on mortgages, only partly offset by somewhat higher impairments on consumer loans.

Loans and receivables – customers fell by EUR 0.7 billion compared with 31 March 2014, mainly due to a slight decrease in residential mortgages.

Due to customers was up by EUR 2.4 billion in the second quarter of 2014, mainly due to an increase in deposits because of holiday allowances.

Other indicators

	Q2 2014	Q2 2013	Q1 2014	First half 2014	First half 2013
Underlying cost/income ratio	48%	47%	51%	50%	49%
Underlying cost of risk (in bps)[1]	131	198	182	156	187

	30 June 2014	31 March 2014	31 December 2013
Loan-to-deposit ratio	168%	173%	174%
Loans and receivables - customers (in billions)	157.0	157.7	157.8
Due to customers (in billions)	90.7	88.3	87.5
Risk-weighted assets (in billions)[1]	33.4	32.8	32.6
FTEs	6,074	6,273	6,227

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.

Private Banking

Operating results

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change	First half 2014	First half 2013	Change
Net interest income	160	147	9%	159	1%	319	282	13%
Net fee and commission income	133	134	-1%	135	-2%	269	267	1%
Other operating income	18	21	-17%	13	37%	30	32	-5%
Operating income	**311**	**302**	**3%**	**307**	**1%**	**618**	**581**	**6%**
Personnel expenses	114	113	1%	112	2%	226	224	1%
Other expenses	123	114	8%	118	4%	241	214	13%
Operating expenses	**237**	**227**	**4%**	**230**	**3%**	**467**	**438**	**7%**
Operating result	**74**	**75**	**-2%**	**77**	**-4%**	**151**	**143**	**5%**
Impairment charges on loans and other receivables	21	22	-4%	9	122%	31	38	-20%
Operating profit before taxes	**53**	**53**	**-1%**	**68**	**-22%**	**120**	**105**	**15%**
Income tax expenses	8	3		12	-28%	20	20	-0%
Underlying profit/(loss) for the period	**44**	**50**	**-11%**	**56**	**-21%**	**100**	**85**	**18%**
Special items and divestments								
Reported profit for the period	**44**	**50**	**-11%**	**56**	**-21%**	**100**	**85**	**18%**

Private Banking's underlying profit decreased year-on-year by EUR 6 million to EUR 44 million in Q2 2014. The decrease was due to a very low tax rate in Q2 2013 while the operating result and impairments remained unchanged.

Net interest income amounted to EUR 160 million, an increase of 9% compared with Q2 2013. This increase was largely driven by both improved margins and higher volumes on savings.

Net fee and commission income remained virtually unchanged at EUR 133 million. Net fees for the international activities increased, while net fees in the Netherlands were slightly lower due to the switch to an all-in fee model as well as fewer investment transactions.

Personnel expenses showed only a marginal increase mainly related to a recent acquisition in Germany and amounted to EUR 114 million.

Other expenses increased by EUR 9 million compared with Q2 2013 due primarily to a higher allocation of IT costs incurred for improvement of the core IT systems and processes in the coming years.

Operating result was virtually unchanged and amounted to EUR 74 million. The underlying cost/income ratio for Private Banking stood at a stable 76% in the second quarter of 2014.

Impairment charges on loans and other receivables amounted to EUR 21 million, largely unchanged from Q2 2013.

Loans and receivables – customers remained unchanged from 31 March 2014 at EUR 16.9 billion.

Due to customers also remained stable relative to the previous quarter and amounted to EUR 60.3 billion.

Assets under Management

(in billions)	Q2 2014	Q1 2014	Q4 2013
Opening balance AuM	**170.6**	**168.3**	**166.9**
Net new assets (excl. sales/acquisitions)	4.5	-0.1	-1.6
Market performance	1.6	2.3	2.8
Divestments / acquisitions	-0.1	0.1	-0.1
Other (incl. sales/acquisitions)	-0.2		0.3
Closing balance AuM	**176.4**	**170.6**	**168.3**
Breakdown by AuM type			
Cash	61.0	60.9	60.7
Securities	115.4	109.7	107.6
Breakdown by geography (in %)			
The Netherlands	49%	48%	48%
Rest of Europe	43%	44%	43%
Rest of the world	8%	8%	8%

Assets under Management rose by EUR 5.8 billion to EUR 176.4 billion compared with 31 March 2014, mainly due to new inflow of assets in both the Netherlands and internationally and, to a lesser extent, to improved market performance.

Other indicators

	Q2 2014	Q2 2013	Q1 2014	First half 2014	First half 2013
Underlying cost/income ratio	76%	75%	75%	76%	75%
Underlying cost of risk (in bps)[1]	90	88	39	64	75

	30 June 2014	31 March 2014	31 December 2013
Loan-to-deposit ratio	28%	28%	28%
Loans and receivables - customers (in billions)	16.9	16.9	16.9
Due to customers (in billions)	60.3	60.2	59.8
Risk-weighted assets (in billions)[1]	8.7	9.6	9.4
FTEs	3,482	3,492	3,523

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.

Commercial Banking

Operating results

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change	First half 2014	First half 2013	Change
Net interest income	355	340	4%	350	1%	705	677	4%
Net fee and commission income	74	66	12%	68	8%	142	133	7%
Other operating income	4	9	-52%	7	-42%	12	14	-16%
Operating income	**433**	**415**	**4%**	**426**	**2%**	**859**	**824**	**4%**
Personnel expenses	73	72	2%	69	6%	142	150	-5%
Other expenses	146	149	-2%	143	2%	288	298	-3%
Operating expenses	**219**	**221**	**-1%**	**212**	**3%**	**431**	**448**	**-4%**
Operating result	**215**	**194**	**11%**	**214**	**0%**	**429**	**376**	**14%**
Impairment charges on loans and other receivables	192	275	-30%	173	11%	365	392	-7%
Operating profit before taxes	**23**	**- 81**		**41**	**-44%**	**63**	**- 16**	
Income tax expenses	6	- 22		9	-41%	15	- 5	
Underlying profit/(loss) for the period	**17**	**- 59**		**31**	**-45%**	**48**	**- 11**	
Special items and divestments								
Reported profit for the period	**17**	**- 59**		**31**	**-45%**	**48**	**- 11**	

Commercial Banking realised a significant improvement in its results, leading to an underlying profit of EUR 17 million, as the operating result improved and impairments were significantly lower in the second quarter of 2014 compared with the second quarter of 2013.

Net interest income improved by 4% year-on-year, mainly due to higher margins on deposits and loans and an increase in deposit volume compared with Q2 2013. Loan volumes decreased in comparison with Q2 2013.

Net fee and commission income increased by EUR 8 million to EUR 74 million in comparison with Q2 2013 due to higher commitment fees.

Personnel expenses amounted to EUR 73 million. The downward trend in costs driven by a lower number of FTEs was offset by a small restructuring provision in Business Banking in Q2 2014. Business Banking started rolling out a sector approach in 2013. In order to concentrate its resources and benefit from economies of scale, clients are now served from larger but fewer branches.

Other expenses declined by 2% compared with Q2 2013 due to measures aimed at driving down overhead costs.

Operating result improved by EUR 21 million and amounted to EUR 215 million. The underlying cost/income ratio decreased to 50% in the second quarter of 2014, from 53% at Q2 2013. The downward trend of the underlying cost/income ratio over the past eight quarters continued, with the exception of the fourth quarter of 2013, which included the bank tax.

Impairment charges on loans and other receivables amounted to EUR 192 million, a decrease of EUR 83 million in comparison with very high loan impairments in Q2 2013, primarily in Business Banking.

The decrease reflects the first signs of recovery of the Dutch economy as from the beginning of 2014, however impairments remained high and are expected to remain at elevated levels for some time.

Loans and receivables – customers remained stable at EUR 39.6 billion compared with 31 March 2014.

A decrease in commercial loans at Business Banking was offset by an increase in Corporate Clients.

Due to customers increased by EUR 0.3 billion compared with 31 March 2014, largely due to an increase in deposits at Business Banking.

Other indicators

	Q2 2014	Q2 2013	Q1 2014	First half 2014	First half 2013
Underlying cost/income ratio	50%	53%	50%	50%	54%
Underlying cost of risk (in bps)[1]	318	399	286	302	277

	30 June 2014	31 March 2014	31 December 2013
Loan-to-deposit ratio	107%	108%	106%
Loans and receivables - customers (in billions)	39.6	39.6	40.2
Due to customers (in billions)	37.1	36.8	37.9
Risk-weighted assets (in billions)[1]	23.7	23.9	24.7
FTEs	2,957	2,964	3,048

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.

Merchant Banking

Operating results

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change	First half 2014	First half 2013	Change
Net interest income	188	177	6%	177	6.3%	365	333	10%
Net fee and commission income	104	100	4%	99	5.5%	203	199	2%
Other operating income	24	79	-69%	50	-51.5%	74	143	-48%
Operating income	**316**	**356**	**-11%**	**326**	**-2.8%**	**642**	**675**	**-5%**
Personnel expenses	89	82	8%	82	8.3%	171	160	7%
Other expenses	161	143	12%	157	2.5%	317	286	11%
Operating expenses	**249**	**225**	**11%**	**239**	**4.5%**	**488**	**446**	**9%**
Operating result	**67**	**131**	**-49%**	**87**	**-22.8%**	**154**	**229**	**-33%**
Impairment charges on loans and other receivables	20	59	-67%	39	-49.3%	58	54	8%
Operating profit before taxes	**47**	**72**	**-34%**	**48**	**-1.4%**	**95**	**175**	**-45%**
Income tax expenses	21	20	5%	- 1		20	44	-55%
Underlying profit/(loss) for the period	**27**	**52**	**-49%**	**49**	**-46.2%**	**76**	**131**	**-42%**
Special items and divestments		- 39	-100%				- 109	-100%
Reported profit for the period	**27**	**13**	**104%**	**49**	**-46.2%**	**76**	**22**	

Merchant Banking posted an underlying profit in the second quarter of EUR 27 million, a decline of EUR 25 million compared with Q2 2013. Profit at ECT increased, but this was more than offset by lower results at Markets and Private Equity.

Net interest income grew by 6% compared with Q2 2013, mainly due to growth in the commercial loanbook at ECT.

Net fee and commission income rose by EUR 4 million compared with Q2 2013, thanks to higher fees at Large Corporates & Merchant Banking (LC&MB).

Other operating income amounted to EUR 24 million, a decline of EUR 55 million compared with the same quarter of 2013, mainly as a result of lower CVA/DVA results in Q2 2014 compared with the previous year (EUR 27 million in Q2 2013 versus EUR 10 million in Q2 2014), lower trading income in Markets and lower Private Equity valuations in Q2 2014 (EUR -25 million in Q2 2014 versus EUR -11 million in Q2 2013).

Personnel expenses amounted to EUR 89 million, up 8% from Q2 2013. This was due mainly to a EUR 4 million restructuring provision following the strategic review of Markets and a 4% increase in FTEs, mainly due to growth in ECT.

Other expenses amounted to EUR 161 million, an increase of 12% on Q2 2013, largely due to higher costs for foreign offices and a higher allocation of IT costs incurred for improvement of the core IT systems and processes in the coming years.

Operating result amounted to EUR 67 million and the underlying cost/income ratio stood at 79% for Q2 2014.

Impairment charges on loans and other receivables amounted to EUR 20 million, a decrease of EUR 39 million in comparison with the high loan impairments in Q2 2013. The decrease was driven by lower loan impairments in LC&MB including ECT.

Loans and receivables – customers increased by EUR 5.8 billion compared with 31 March 2014, due to an increase of EUR 3.8 billion at securities financing, as well as loan growth in Clearing and ECT.

Due to customers remained stable compared with 31 March 2014 and amounted to EUR 41.4 billion at 30 June 2014. The EUR 2.2 billion increase at securities financing was offset by lower customer deposits at LC&MB and Clearing.

Other indicators

	Q2 2014	Q2 2013	Q1 2014	First half 2014	First half 2013
Underlying cost/income ratio	79%	63%	73%	76%	66%
Underlying cost of risk (in bps)[1]	21	54	41	31	24

	30 June 2014	31 March 2014	31 December 2013
Loan-to-deposit ratio	191%	161%	184%
Financial assets held for trading (in billions)	28.0	27.6	23.6
Loans and receivables - customers (in billions)	63.9	58.1	49.4
Financial liabilities held for trading (in billions)	18.0	15.7	14.1
Due to customers (in billions)	41.4	41.5	27.5
Risk-weighted assets (in billions)[1]	37.6	36.1	34.7
FTEs	2,251	2,215	2,204

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.

Group Functions

Operating results

(in millions)	Q2 2014	Q2 2013	Change	Q1 2014	Change	First half 2014	First half 2013	Change
Net interest income	- 45	- 55	19%	- 18	-147%	- 63	- 87	28%
Net fee and commission income	- 1			4		3	1	
Other operating income	- 0	50		52		52	21	146%
Operating income	**- 46**	**- 5**		**38**		**- 8**	**- 65**	**88%**
Personnel expenses	193	195	-1%	182	6%	376	385	-2%
Other expenses	- 173	- 143	-21%	- 170	-2%	- 343	- 284	-21%
Operating expenses	**20**	**52**	**-62%**	**12**	**59%**	**32**	**101**	**-68%**
Operating result	**- 66**	**- 57**	**-16%**	**26**		**- 40**	**- 166**	**76%**
Impairment charges on loans and other receivables		- 1		- 10		- 10	- 3	
Operating profit before taxes	**- 66**	**- 56**	**-18%**	**36**		**- 30**	**- 163**	**82%**
Income tax expenses	- 32	- 1		10		- 22	- 29	24%
Underlying profit/(loss) for the period	**- 34**	**- 55**	**38%**	**26**		**- 8**	**- 134**	**94%**
Special items and divestments	- 283	221		- 67		- 350	416	
Reported profit for the period	**- 317**	**166**		**- 41**		**- 358**	**282**	

The underlying result of Group Functions in the second quarter of 2014 was a loss of EUR 34 million, an improvement of EUR 21 million compared with Q2 2013. From 2014, the costs of the liquidity buffer and a higher proportion of overhead expenses are passed on to the businesses.

Net interest income grew by EUR 10 million compared with the same period last year. The mismatch result improved, and costs for external funding fell due to lower spread levels on new funding and allocation of liquidity buffer costs to the business segments. This was partly offset by a higher liquidity compensation to the business on savings products.

Other operating income decreased by EUR 50 million, primarily due to lower CVA/DVA results in Q2 2014 compared with the previous year and a gain on the sale of an office property in Q2 2013.

Personnel expenses remained virtually stable compared to Q2 2013, at EUR 193 million.

Other expenses decreased by EUR 30 million compared with Q2 2013. The decrease was driven by the allocation of a higher proportion of overhead expenses to the business segments.

Other indicators

	30 June 2014	31 March 2014	31 December 2013
Loans and receivables - customers (in billions)	3.9	3.8	3.9
Due to customers (in billions)	2.7	2.8	3.1
Risk-weighted assets (in billions)[1]	11.6	10.9	7.6
FTEs	7,255	7,311	7,287

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework.

Selected activities

Energy Commodities Transportation

ECT is part of LC&MB in Merchant Banking. ECT clients are international mid-sized to large corporates globally active in energy (oil & gas industry and offshore services), commodities (trading companies active in energy, agricultural and metals commodities) and transportation (shipping and intermodal). The ECT loan book is predominantly USD-denominated and largely collateralised. ECT employs approximately 400 FTEs.

Underlying operating income for Q2 2014 amounted to EUR 118 million, up from EUR 105 million in Q2 2013. The on-balance sheet loans amounted to EUR 17.4 billion, up EUR 2.7 billion compared with Q2 2013. Off-balance sheet facilities amounted to EUR 12.4 billion.

ABN AMRO Clearing

ABN AMRO Clearing is part of Markets in Merchant Banking. It offers an integrated package of direct market access, clearing and custody services covering futures, options, equities, commodities, energy and fixed income on more than 85 exchanges in 12 international locations. It interacts closely with, for example, ECT for the hedging and clearing of physical commodity assets. Clearing employs approximately 800 FTEs.

Operating income amounted to EUR 72 million, a decline of EUR 9 million compared with Q2 2013 because of several positive one-offs in the year-earlier. Customer loans (excluding securities financing) amounted to EUR 11 billion in Q2 2014.

Asset-Based Lending

ABN AMRO Lease (AAL) and ABN AMRO Commercial Finance (ACF, factoring services) are part of Commercial Banking. AAL and ACF provide asset-based solutions. AAL's and ACF's approach allows clients to leverage their assets (AAL), debtors and stocks (ACF) to provide additional liquidity, for example to finance growth ambitions. These activities are offered exclusively in a number of Western European countries. Asset-Based Finance employs approximately 700 FTEs.

Operating income came in at EUR 53 million in Q2 2014, an increase of 13% compared with Q2 2013. Loans and receivables amounted to EUR 4.6 billion.

International results

ABN AMRO aims to selectively grow its international activities and their contribution to operating income. To this end, it seeks to leverage strong capabilities in selective international markets with a higher growth outlook. The ambition is to increase international revenues to 20-25% of total revenue in 2017.

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

Operating income from international activities grew by 3% compared with Q2 2013 and now represents 19% of overall operating income. This is mainly due to higher results in Asia and Europe excluding the Netherlands, thanks in particular to volume growth at ECT.

additional financial information 6

Overview of results in the last five quarters

The following table provides an overview of the quarterly results.

Quartely results

(in millions)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	1,441	1,432	1,389	1,326	1,360
Net fee and commission income	420	421	413	401	417
Other operating income	56	129	47	147	167
Operating income	**1,917**	**1,983**	**1,849**	**1,874**	**1,944**
Personnel expenses	591	565	564	594	580
Other expenses	571	577	752	549	561
Operating expenses	**1,162**	**1,143**	**1,316**	**1,143**	**1,141**
Operating result	**755**	**840**	**533**	**731**	**803**
Impairment charges on loans and other receivables	342	361	555	347	506
Operating profit before taxes	**413**	**479**	**- 22**	**385**	**296**
Income tax expenses	91	101	25	95	77
Underlying profit for the period	**322**	**378**	**- 47**	**289**	**220**
Special items and divestments	- 283	- 67		101	182
Reported profit for the period	**39**	**311**	**- 47**	**390**	**402**

Difference between underlying and reported results

Special items are material and non-recurring items which are not related to normal business activities. A divestment is the sale of a (part of a) business to a third party. Adjustments include past results as well as the relating transaction result.

To provide a consistent comparison with earlier periods, special items and divestments are adjusted on previous financial periods, where applicable.

In the "operating and financial review" as well as the "results by segment" sections the impact of special items and divestments on profit for the period is disclosed. The following table presents the reconciliation from underlying to reported results.

Reconciliation from underlying to reported results

(in millions)	Q2 2014 Underlying	Q2 2014 Special items	Q2 2014 Divestments	Q2 2014 Reported	Q2 2013 Underlying	Q2 2013 Special items	Q2 2013 Divestments	Q2 2013 Reported	Q1 2014 Underlying	Q1 2014 Special items	Q1 2014 Divestments	Q1 2014 Reported
Net interest income	1,441			1,441	1,360			1,360	1,432			1,432
Net fee and commission income	420			420	417			417	421			421
Other operating income	56			56	167	- 52		115	129			129
Operating income	**1,917**			**1,917**	**1,944**	**- 52**		**1,892**	**1,983**			**1,983**
Personnel expenses	591	288		879	580			580	565			565
Other expenses	571	67		638	561			561	577	67		644
Operating expenses	**1,162**	**355**		**1,517**	**1,141**			**1,141**	**1,143**	**67**		**1,210**
Operating result	**755**	**- 355**		**400**	**803**	**- 52**		**751**	**840**	**- 67**		**773**
Impairment charges on loans and other receivables	342			342	506	- 252		254	361			361
Operating profit before taxes	**413**	**- 355**		**58**	**296**	**201**		**497**	**479**	**- 67**		**412**
Income tax expenses	91	- 72		19	77	18		95	101			101
Profit for the period	**322**	**- 283**		**39**	**220**	**182**		**402**	**378**	**- 67**		**311**

(in millions)	First half 2014 Underlying	First half 2014 Special items	First half 2014 Divestments	First half 2014 Reported	First half 2013 Underlying	First half 2013 Special items	First half 2013 Divestments	First half 2013 Reported
Net interest income	2,873			2,873	2,665			2,665
Net fee and commission income	842			842	829			829
Other operating income	185			185	229	- 122		107
Operating income	**3,900**			**3,900**	**3,723**	**- 122**		**3,601**
Personnel expenses	1,156	288		1,444	1,162	37		1,199
Other expenses	1,149	134		1,283	1,112			1,112
Operating expenses	**2,305**	**422**		**2,727**	**2,274**	**37**		**2,311**
Operating result	**1,595**	**- 422**		**1,173**	**1,449**	**- 159**		**1,291**
Impairment charges on loans and other receivables	703			703	766	- 549		216
Operating profit before taxes	**892**	**- 422**		**470**	**683**	**391**		**1,074**
Income tax expenses	192	- 72		120	174	83		257
Profit for the period	**700**	**- 350**		**351**	**510**	**307**		**817**

The following table shows all special items and divestments per period.

Special items and divestments

(in millions)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Operating income						
Reassessment discontinued securities financing activities						- 70
Costs of wind down non-client-related equity derivatives activities					- 52	
Total impact on Operating Income					**- 52**	**- 70**
Operating expenses						
Restructuring provision						37
Pension settlement charge	288					
SNS Levy	67	67				
Total impact on Operating expenses	**355**	**67**				**37**
Loan impairments						
Greek releases				- 135		- 297
Madoff releases					- 252	
Total impact on Loan impairments				**- 135**	**- 252**	**- 297**
Total impact on income tax expenses	**- 72**			**34**	**18**	**65**
Total impact on Profit for the period	**- 283**	**- 67**		**101**	**182**	**125**

Risk & capital management

risk management 7

ABN AMRO is a full-service bank in the Netherlands with an international focus on selective markets and client segments. ABN AMRO continues to maintain its moderate risk profile, as this is an important pillar of the bank's long-term strategy. This moderate risk profile entails maintaining a strong and healthy balance sheet supported by sound risk governance, risk intake and monitoring.

Key developments

Key figures

	30 June 2014	31 March 2014	31 December 2013
Total assets	395,831	390,299	372,022
Of which Loans and receivables banks	30,016	37,207	31,210
Of which Loans and receivables customers	281,393	276,070	268,147
On-balance sheet maximum exposure to credit risk	383,018	376,371	358,481
Total Exposure at Default[1]	354,019	353,360	349,236
Risk-weighted assets[1]			
Credit risk[2]	92,261	90,939	86,201
Market risk	6,521	6,163	6,396
Operational risk	16,168	16,168	16,415
Total Risk-weighted assets	**114,950**	**113,270**	**109,012**
Average risk-weighted assets[1]	115,551	116,211	116,811
Cost of risk (in bps)[1, 3]	122	124	84
Total Risk-weighted assets/total Exposure at Default	32.5%	32.1%	31.2%

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework. Under Basel III 2013 pro-forma figures are: EAD (353,856); total RWA (115,442); credit RWA (92,631). No RWA impact from CRR/CRD IV on market and operational risk.
2. Risk-weighted assets for credit value adjustement (CVA) is included in credit risk. CVA per 30 June 2014 amounted to EUR 1.6 billion (31 March 2014 EUR 1.4 billion and 31 December 2013 EUR 1.5 billion).
3. Cost of risk: annualised impairment charges on loans and receivables for the period divided by total average RWA. Cost of risk, excluding special items, at 31 December 2013 is 143 bps.

Second quarter developments

Most economic indicators point to a modest recovery of the Dutch economy. Producer confidence is at its highest level in three years. After years of decline, consumption finally seems to be stabilising and unemployment rates are improving. However, increasing geopolitical tensions, in particular in Russia and the Ukraine, may put the recovery of the economy under pressure.

ABN AMRO has limited exposure to Russia and negligible exposure to the Ukraine. The exposures are of a medium and short-term nature and are primarily collateralised commodities transactions which are monitored intensively.

Impairment charges on Loans and receivables decreased by EUR 164 million, excluding special items, to EUR 342 million in the second quarter of 2014, compared to the same period in 2013. The decrease in loan impairments was primarily driven by lower loan impairments for SMEs as well as for mortgages.

The Loans and receivables portfolio for banks and customers decreased to EUR 311.4 billion at 30 June 2014 from EUR 313.3 billion at 31 March 2014. This decrease is mainly the result of a decline in ECB deposits, partly offset by an increase in the securities financing transactions. These activities are of a volatile but low-risk character.

Total risk-weighted assets (RWA) amounted to EUR 115.0 billion as at 30 June 2014, an increase of EUR 1.7 billion compared with 31 March 2014. Exposure at Default (EAD) increased to EUR 354.0 billion at 30 June 2014, from EUR 353.4 billion at 31 March 2014.

Developments over the first six months

In the first half of 2014, the Loans and receivables portfolio increased by EUR 12.1 billion, mainly due to the securities financing transactions, which were offset by the decline in ECB deposits.

Risk-weighted assets rose to EUR 115.0 billion at 30 June 2014, from EUR 109.0 billion at year-end 2013. This increase was mainly due to a higher credit risk RWA and was largely impacted by the transition effect from Basel II to Basel III (EUR 6.4 billion). The increase was partly offset by a fall in business volumes of EUR 1.4 billion.

EAD in the first half of 2014 increased to EUR 354.0 billion, from EUR 349.2 billion at 31 December 2013 primarily due to the transition effect from Basel II to Basel III (EUR 4.6 billion).

Annualised cost of risk went up to 122 bps at 30 June 2014 from 84 bps during 2013. The year-end figure includes the reversals of the allowances related to the Greek government-guaranteed corporate exposures, and the Madoff-related files. Excluding these special items, the cost of risk would have been 143 bps at the end of 2013. The decrease in the cost of risk after special items was driven by lower annualised impairment charges in the first half of 2014.

Key figures per business line

	Retail Banking	Private Banking	Commercial Banking	Merchant Banking	Group Functions
30 June 2014					
Total assets	158,349	22,550	41,092	119,977	53,863
On-balance sheet maximum exposure to credit risk	157,933	19,241	40,736	113,516	51,592
Total Exposure at Default[1]	174,638	22,530	47,537	61,932	47,382
Risk-weighted assets[1]					
Credit risk[2]	28,200	7,018	21,404	29,251	6,388
Market risk				6,521	0
Operational risk	5,192	1,650	2,329	1,781	5,216
Total risk-weighted assets	**33,392**	**8,668**	**23,733**	**37,553**	**11,604**
Average risk-weighted assets[1]	33,095	9,556	24,201	37,726	10,972
Cost of risk (in bps)[1, 3]	156	64	302	31	0
Total Risk-weighted assets/Total Exposure at Default[1]	19.10%	38.50%	49.90%	60.60%	24.50%
31 March 2014					
Total assets	158,927	22,367	41,062	112,204	55,739
On-balance sheet maximum exposure to credit risk	158,517	19,325	40,693	104,211	53,625
Total Exposure at Default[1]	174,496	22,203	47,219	59,211	50,231
Risk-weighted assets[1]					
Credit risk[2]	27,590	7,916	21,542	28,195	5,696
Market risk				6,163	0
Operational risk	5,192	1,650	2,329	1,781	5,216
Total risk-weighted assets	**32,782**	**9,566**	**23,871**	**36,139**	**10,912**
Average risk-weighted assets[1]	32,943	9,764	24,277	38,338	10,889
Cost of risk (in bps)[1, 3]	182	39	286	41	0
Total Risk-weighted assets/Total Exposure at Default[1]	18.80%	42.70%	50.20%	61.50%	21.80%
31 December 2013					
Total assets	159,427	22,083	41,640	91,377	57,495
On-balance sheet maximum exposure to credit risk	158,936	19,164	41,245	83,788	55,347
Total Exposure at Default[1]	174,280	22,286	47,746	52,037	52,886
Risk-weighted assets[1]					
Credit risk[2]	27,410	7,736	22,380	26,130	2,545
Market risk				6,396	0
Operational risk	5,151	1,643	2,334	2,193	5,094
Total risk-weighted assets	**32,561**	**9,379**	**24,714**	**34,719**	**7,639**
Average risk-weighted assets[1]	31,016	9,855	27,116	40,619	8,205
Cost of risk (in bps)[1, 3]	193	115	294	40	0
Total Risk-weighted assets/Total Exposure at Default[1]	18.70%	42.10%	51.80%	66.70%	14.40%

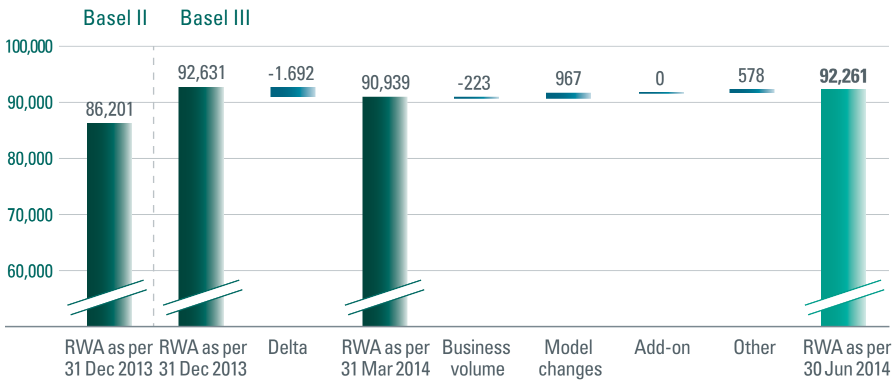
1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework. Under Basel III 2013 pro-forma figures are: EAD (Retail Banking EUR 174,257, Private Banking EUR 22,248, Commercial Banking EUR 47,718, Merchant Banking EUR 56,737, Group 52,896); credit RWA (Retail Banking EUR 27,909, Private Banking EUR 8,327, Commercial Banking EUR 21,203, Merchant Banking EUR 29,924, Group EUR 5,268). No RWA impact from CRR/CRD IV on market and operational risk.
2. Risk-weighted assets for CVA is included in credit risk. CVA per 30 June 2014 amounted to EUR 1.6 billion (31 March 2014 EUR 1.4 billion and 31 December 2013 EUR 1.5 billion).
3. Cost of risk: annualised impairment charges on loans and receivables for the period divided by total average RWA.

The increase of total RWA of EUR 1.7 billion in the second quarter was primarily driven by an increase within Commercial & Merchant Banking of EUR 1.4 billion.

Over the first half year, total RWA increased by EUR 5.9 billion compared with year-end 2013, amounting to EUR 115.0 billion at 30 June 2014. EUR 3.3 billion of this was attributable to Group Functions as a result of the transition from Basel II to Basel III.

Credit risk

RWA flow statement credit risk
(in millions)



Credit risk mitigation

Collateral & guarantees received as security of total financial assets and commitments as at 30 June 2014 Reviewed

		30 June 2014						
		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
Loans and receivables - banks	**30,016**	**7,900**	**16,698**			**24,598**	**2,827**	**8,245**
Loans and receivables - customers								
Residential mortgages[1]	153,265		114	203,711	5,482	209,306	70,040	13,999
Other consumer loans	15,336		3,206	5,523	87	8,815	343	6,864
Total consumer loans	**168,601**		**3,319**	**209,233**	**5,569**	**218,122**	**70,383**	**20,862**
Commercial loans[1]	79,551	271	13,350	30,137	5,882	49,641	1,774	31,684
Other commercial loans[2]	31,933	2,303	28,030	2,472		32,805	6,152	5,279
Total commercial loans	**111,484**	**2,574**	**41,380**	**32,609**	**5,882**	**82,446**	**7,925**	**36,964**
Government and official institutions	1,308	886	23		146	1,054		254
Total Loans and receivables - customers	**281,393**	**3,460**	**44,722**	**241,843**	**11,597**	**301,621**	**78,309**	**58,080**
Total Loans and receivables	**311,408**	**11,360**	**61,420**	**241,843**	**11,597**	**326,219**	**81,135**	**66,325**
Other assets and off-balance sheet[5]	**187,971**	**12,013**	**2,076**	**3,006**	**1,974**	**19,069**	**569**	**169,472**
Total on- and off-balance sheet	**499,380**	**23,373**	**63,495**	**244,848**	**13,571**	**345,288**	**81,705**	**235,797**

1. Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
2. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.
3. Master netting agreement includes legal right to nett and cash collateral.
4. Surplus collateral is the amount of over-collateralisation, calculated on an individual basis. Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.
5. Off-balance sheet consists mainly of revocable credit facilities, in addition to committed credit facilities, guarantees and other commitments.

Collateral & guarantees received as security of total financial assets and commitments as at 31 March 2014

	31 March 2014							
		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
Loans and receivables - banks	**37,207**	**7,842**	**14,973**			**22,815**	**1,839**	**16,230**
Loans and receivables - customers								
Residential mortgages[1]	153,645		196	205,308	5,463	210,966	70,940	13,619
Other consumer loans	15,484		2,969	5,906	88	8,963	565	7,086
Total consumer loans	**169,128**		**3,164**	**211,214**	**5,550**	**219,929**	**71,505**	**20,704**
Commercial loans[1]	77,921	201	12,252	29,023	9,182	50,659	4,011	31,273
Other commercial loans[2]	27,905	1,098	23,618	2,472		27,189	3,572	4,289
Total commercial loans	**105,826**	**1,300**	**35,870**	**31,495**	**9,182**	**77,847**	**7,583**	**35,562**
Government and official institutions	1,115	711	23		154	888		227
Total Loans and receivables - customers	**276,070**	**2,011**	**39,057**	**242,709**	**14,887**	**298,664**	**79,088**	**56,494**
Total Loans and receivables	**313,276**	**9,853**	**54,031**	**242,709**	**14,887**	**321,479**	**80,927**	**72,724**
Other assets and off-balance sheet[5]	**179,476**	**9,998**	**1,833**	**1,370**	**2,301**	**15,502**	**278**	**164,252**
Total on- and off-balance sheet	**492,752**	**19,851**	**55,863**	**244,079**	**17,188**	**336,981**	**81,205**	**236,976**

1. Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
2. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.
3. Master netting agreement includes legal right to nett and cash collateral.
4. Surplus collateral is the amount of over-collateralisation, calculated on an individual basis. Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.
5. Off-balance sheet consists mainly of revocable credit facilities, in addition to committed credit facilities, guarantees and other commitments.

Collateral & guarantees received as security of total financial assets and commitments as at 31 December 2013 Reviewed

31 December 2013

(in millions)	Carrying amount	Collateral received: Master netting agreement[3]	Financial instruments	Property & equipment	Other collateral and guarantees	Total risk mitigation	Surplus collateral[4]	Net exposure
Loans and receivables - banks	**31,210**	**7,198**	**8,383**			**15,581**	**1,778**	**17,407**
Loans and receivables - customers								
Residential mortgages[1]	153,439		212	208,018	5,410	213,640	73,178	12,977
Other consumer loans	15,628		1,889	5,989	77	7,955	235	7,908
Total consumer loans	**169,067**		**2,101**	**214,007**	**5,487**	**221,595**	**73,413**	**20,885**
Commercial loans[1]	80,659	274	14,872	28,921	9,086	53,153	4,464	31,970
Other commercial loans[2]	17,653	1	15,840	2,714		18,555	3,962	3,060
Total commercial loans	**98,312**	**275**	**30,712**	**31,635**	**9,086**	**71,708**	**8,426**	**35,030**
Government and official institutions	768	360	23		159	542		226
Total Loans and receivables - customers	**268,147**	**635**	**32,836**	**245,642**	**14,732**	**293,845**	**81,839**	**56,141**
Total Loans and receivables	**299,357**	**7,833**	**41,219**	**245,642**	**14,732**	**309,426**	**83,617**	**73,548**
Other assets and off-balance sheet[5]	**174,189**	**9,029**	**249**	**1,898**	**2,206**	**13,382**	**306**	**161,113**
Total on- and off-balance sheet	**473,546**	**16,862**	**41,468**	**247,540**	**16,938**	**322,808**	**83,923**	**234,661**

1. Carrying amount includes fair value adjustments from hedge accounting and loan impairment allowances.
2. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.
3. Master netting agreement includes legal right to nett and cash collateral.
4. Surplus collateral is the amount of over-collateralisation, calculated on an individual basis. Net exposure represents the portfolio corrected for the surplus amount and gives a view on the potential shortfall in collateral on the total portfolio.
5. Off-balance sheet consists mainly of revocable credit facilities, in addition to committed credit facilities, guarantees and other commitments.

Second quarter developments

Risk mitigation for Loans and receivables increased by EUR 4.7 billion to EUR 326.2 billion compared with 31 March 2014. The increase in Other commercial loans for financial instruments of EUR 4.4 billion is related to securities financing transactions.

Developments over the first six months Reviewed

Total risk mitigation for Loans and receivables increased by EUR 16.8 billion to EUR 326.2 billion at 30 June 2014 compared with year-end 2013, mainly due to an increase of EUR 22.8 billion in professional securities transactions, which was partly offset by a decline of EUR 4.3 billion in the collateral of residential mortgages.

Net exposure for Loans and receivables decreased by EUR 7.2 billion to EUR 66.3 billion due to changes in exposures with the ECB deposits referred to above and increased securities financing transactions.

Management of forborne, past due loans and impaired loans

Forbearance

In the first quarter of 2014 ABN AMRO did not report forbearance figures.

Overview forbearance as at 30 June 2014

(in millions)	30 June 2014										
		Performing assets				Non-performing assets				Total	
	Gross carrying amount	Modification of the contract		Refi-nancing	Total	Modification of the contract		Refi-nancing	Total	Total forborne assets	For-bearance ratio
		Tempo-rary	Perma-nent			Tempo-rary	Perma-nent				
Loans and receivables - banks	**30,038**										**0.0%**
Loans and receivables - customers											
Residential mortgages[1]	153,914	924	7	111	1,042	801		29	830	1,872	1.2%
Other consumer loans	15,985	75	61	92	228	85	5	86	176	404	2.5%
Total consumer loans	**169,899**	**998**	**69**	**203**	**1,270**	**886**	**5**	**115**	**1,007**	**2,277**	**1.3%**
Commercial loans[1]	83,310	1,188	911	2,326	4,425	464	645	1,016	2,124	6,550	7.9%
Other commercial loans	32,060	13	63	70	147	28	34	52	113	260	0.8%
Total commercial loans	**115,370**	**1,202**	**974**	**2,396**	**4,572**	**491**	**679**	**1,067**	**2,238**	**6,810**	**5.9%**
Government and official institutions	1,308										0.0%
Total Loans and receivables - customers	**286,578**	**2,200**	**1,043**	**2,599**	**5,842**	**1,378**	**684**	**1,182**	**3,244**	**9,086**	**3.2%**
Total Loans and receivables	**316,616**	**2,200**	**1,043**	**2,599**	**5,842**	**1,378**	**684**	**1,182**	**3,244**	**9,086**	**2.9%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.

Overview forbearance as at 31 December 2013

	31 December 2013										
		Performing assets				Non-performing assets				Total	
	Gross carrying amount	Modification of the contract		Refi-nancing	Total	Modification of the contract		Refi-nancing	Total	Total forborne assets	For-bearance ratio
(in millions)		Tempo-rary	Perma-nent			Tempo-rary	Perma-nent				
Loans and receivables - banks	**31,234**										**0.0%**
Loans and receivables - customers											
Residential mortgages[1]	154,024	961	8	15	984	1,373	4	60	1,437	2,421	1.6%
Other consumer loans	16,241	45	61	107	213	60	7	57	124	337	2.1%
Total consumer loans	**170,265**	**1,006**	**69**	**122**	**1,197**	**1,433**	**11**	**117**	**1,561**	**2,758**	**1.6%**
Commercial loans[1]	84,330	789	710	2,542	4,041	356	673	1,203	2,232	6,273	7.4%
Other commercial loans	17,759	40	36	14	90			70	70	160	0.9%
Total commercial loans	**102,089**	**829**	**746**	**2,556**	**4,131**	**356**	**673**	**1,273**	**2,302**	**6,433**	**6.3%**
Government and official institutions	768										0.0%
Total Loans and receivables - customers	**273,122**	**1,835**	**815**	**2,678**	**5,328**	**1,789**	**684**	**1,390**	**3,863**	**9,191**	**3.4%**
Total Loans and receivables	**304,356**	**1,835**	**815**	**2,678**	**5,328**	**1,789**	**684**	**1,390**	**3,863**	**9,191**	**3.0%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.

Developments over the first six months

Forbearance exposure within Consumer loans relates mainly to forborne residential mortgages. Most of the forbearance measures are payment arrangements within the non-performing portfolio. For the year-end 2013 figures, assumptions have been applied to this portfolio. In the first half year of 2014 these assumptions have been further refined. If we had applied these refined assumptions to the year-end 2013 figure, the forbearance exposure would have been EUR 512 million less.

The total forbearance exposure at Consumer loans decreased by EUR 0.5 billion to EUR 2.3 billion at 30 June 2014 compared with EUR 2.8 billion year-end 2013, which is 1.3% of the total consumer loan portfolio. Taking into account the refined assumptions for the year-end 2013 figures, the forbearance exposure would have increased marginally.

To determine the forbearance exposure on Commercial loans, we take the following approach: If a contract with a commercial counterparty is forborne, all loans and receivables in the same credit arrangement are considered forborne.

The total forbearance exposure for Commercial loans increased by EUR 0.4 billion to EUR 6.8 billion at 30 June 2014, compared with EUR 6.4 billion year-end 2013.

Although several forbearance measures were taken in the first half year of 2014, most of these measures applied to counterparties that were already forborne.

The vast majority of the forbearance measures were taken by the Financial Restructuring & Recovery (FR&R) department, as they manage most clients in, or potentially in, financial difficulties (both performing and non-performing).

Past due

Financial assets past due but not impaired as at 30 June 2014 Reviewed

	30 June 2014							
(in millions)	Gross carrying amount	Carrying amount of assets (not classified as impaired)	< 30 days past due	> 30 days & < 60 days past due	> 60 days & < 90 days past due	> 90 days past due	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**30,038**	**30,016**						**0.0%**
Loans and receivables - customers								
Residential mortgages[1]	153,914	152,185	3,541	469	141		4,152	2.7%
Other consumer loans[2]	15,985	15,132	403	113	55	169	740	4.6%
Total consumer loans	**169,899**	**167,318**	**3,944**	**582**	**196**	**169**	**4,892**	**2.9%**
Commercial loans[1]	83,310	78,230	1,044	218	223	823	2,308	2.8%
Other commercial loans[3]	32,060	31,897	17	4	7	19	46	0.1%
Total commercial loans	**115,370**	**110,127**	**1,061**	**222**	**229**	**841**	**2,354**	**2.0%**
Government and official institutions	1,308	1,308						0.0%
Total Loans and receivables - customers	**286,578**	**278,753**	**5,005**	**804**	**426**	**1,010**	**7,245**	**2.5%**
Total Loans and receivables	**316,616**	**308,769**	**5,005**	**804**	**426**	**1,010**	**7,245**	**2.3%**
Other assets	**6,520**	**6,504**	**110**	**20**	**4**	**4**	**137**	**2.1%**
Total	**323,136**	**315,274**	**5,115**	**824**	**429**	**1,014**	**7,382**	**2.3%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.
2. Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.
3. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

Financial assets past due but not impaired as at 31 March 2014

	31 March 2014							
(in millions)	Gross carrying amount	Carrying amount of assets (not classified as impaired)	< 30 days past due	> 30 days & < 60 days past due	> 60 days & < 90 days past due	> 90 days past due	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**37,231**	**37,208**						**0.0%**
Loans and receivables - customers								
Residential mortgages[1]	154,291	152,564	3,518	562	132		4,212	2.7%
Other consumer loans[2]	16,105	15,238	406	189	112	216	924	5.7%
Total consumer loans	**170,396**	**167,802**	**3,924**	**751**	**244**	**216**	**5,136**	**3.0%**
Commercial loans[1]	81,683	76,705	1,375	365	207	814	2,761	3.4%
Other commercial loans[3]	28,012	27,895	15	9	3	12	39	0.1%
Total commercial loans	**109,695**	**104,600**	**1,390**	**374**	**210**	**827**	**2,800**	**2.6%**
Government and official institutions	1,115	1,115						0.0%
Total Loans and receivables - customers	**281,207**	**273,517**	**5,314**	**1,125**	**454**	**1,043**	**7,936**	**2.8%**
Total Loans and receivables	**318,438**	**310,725**	**5,314**	**1,125**	**454**	**1,043**	**7,936**	**2.5%**
Other assets	**5,397**	**5,382**	**101**	**11**	**2**	**6**	**120**	**2.2%**
Total	**323,835**	**316,107**	**5,415**	**1,136**	**456**	**1,049**	**8,056**	**2.5%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.
2. Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.
3. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

Financial assets past due but not impaired as at 31 December 2013 Reviewed

	31 December 2013							
(in millions)	Gross carrying amount	Carrying amount of assets (not classified as impaired)	< 30 days past due	> 30 days & < 60 days past due	> 60 days & < 90 days past due	> 90 days past due	Total past due but not impaired	Past due ratio
Loans and receivables - banks	**31,234**	**31,211**						**0.0%**
Loans and receivables - customers								
Residential mortgages[1]	154,024	152,285	3,444	519	145		4,108	2.7%
Other consumer loans[2]	16,241	15,354	461	115	78	231	885	5.4%
Total consumer loans	**170,265**	**167,639**	**3,905**	**634**	**223**	**231**	**4,993**	**2.9%**
Commercial loans[1]	84,330	79,292	1,426	219	140	565	2,350	2.8%
Other commercial loans[3]	17,759	17,622	31	2	1	2	36	0.2%
Total commercial loans	**102,089**	**96,914**	**1,457**	**221**	**141**	**567**	**2,386**	**2.3%**
Government and official institutions	768	768						0.0%
Total Loans and receivables - customers	**273,122**	**265,321**	**5,362**	**855**	**364**	**798**	**7,379**	**2.7%**
Total Loans and receivables	**304,356**	**296,532**	**5,362**	**855**	**364**	**798**	**7,379**	**2.4%**
Other assets	**4,610**	**4,597**	**48**	**25**	**7**	**9**	**89**	**1.9%**
Total	**308,967**	**301,130**	**5,410**	**880**	**371**	**807**	**7,468**	**2.4%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.
2. Consumer loans in the programme lending portfolio that are more than 90 days past due are immediately impaired.
3. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.

Second quarter developments

When a counterparty is past due or exceeds its credit limit, all loans and receivables in the related credit arrangement are considered past due.

The total past due exposure at 30 June 2014 decreased to 2.3% from 2.5% at 31 March 2014. This decline is mainly in the past due buckets < 60 days for the Commercial loans.

Developments over the first six months Reviewed

The total past due exposure in the first half year of 2014 remained fairly stable.

Impaired loans

Loan impairment charges and allowances

(in millions)	Q2 2014 Banks	Q2 2014 Commercial loans	Q2 2014 Consumer loans - mortgages	Q2 2014 Other consumer loans	Q2 2014 Total	Q2 2013 Banks	Q2 2013 Commercial loans	Q2 2013 Consumer loans - mortgages	Q2 2013 Other consumer loans	Q2 2013 Total
Balance as at begin of period	**24**	**3,869**	**646**	**621**	**5,162**	**26**	**4,189**	**404**	**482**	**5,101**
Impairment charges for the period		318	127	94	540		413	124	74	611
Reversal of impairment allowances no longer required	- 2	- 83	- 83	- 15	- 183	- 2	- 313	- 26	- 5	- 346
Recoveries of amounts previously written-off		- 1	- 2	- 11	- 15		- 1	- 1	- 9	- 11
Total impairment charges on loans and other receivables	**- 2**	**234**	**42**	**68**	**343**	**- 2**	**99**	**97**	**60**	**254**
Amount recorded in interest income from unwinding of discounting		- 11	- 5	- 3	- 19		- 6	- 1	- 2	- 9
Currency translation differences	- 0	3			3		- 14		- 1	- 15
Amounts written-off (net)		- 210	- 43	- 38	- 290		- 522	- 34	- 24	- 580
Reserve for unearned interest accrued on impaired loans		2	9	- 2	9		7		2	9
Other adjustments	- 0	- 0	- 0	2	1		3	- 4	- 2	- 3
Balance as at end of period	**22**	**3,887**	**649**	**649**	**5,207**	**24**	**3,756**	**463**	**514**	**4,757**

Second quarter developments

The impairment charges in Q2 2014 increased by EUR 89 million to EUR 343 million compared with the same quarter in 2013. Excluding EUR 253 million for the reversal of the Madoff related files, the decrease in impairment charges amounted to EUR 164 million. This was mainly due to lower impairments for Commercial loans.

Within Consumer loans impairment charges decreased by EUR 47 million to EUR 110 million in Q2 2014, compared with EUR 157 million in Q2 2013, mainly due to lower impairments for mortages. Impairments for mortgages are calculated on a portfolio model based approach, which translated in a stabilisation of the impairment rate. Lower net credit losses than provisioned for and larger outflow of the impaired portfolio to performing resulted in reversals of impairments no longer required. It is however too early to say that this improvement will be a trend for the remainder of the year.

The write-offs decreased by EUR 290 million in Q2 2014 compared with Q2 2013. This decrease is mainly due to special items (Greek files and Madoff related files for a amount of EUR 304 million). Excluding these special items, the write-offs increased slightly.

Loan impairment charges and allowances Reviewed

(in millions)	First half 2014					First half 2013				
	Banks	Commercial loans	Consumer loans - mortgages	Other consumer loans	Total	Banks	Commercial loans	Consumer loans - mortgages	Other consumer loans	Total
Balance as at 1 January	**24**	**3,778**	**585**	**613**	**4,999**	**28**	**4,697**	**370**	**445**	**5,540**
Impairment charges for the period		601	275	170	1,047		670	217	163	1,050
Reversal of impairment allowances no longer required	- 2	- 156	- 124	- 35	- 317	- 4	- 756	- 36	- 14	- 810
Recoveries of amounts previously written-off		- 4	- 3	- 21	- 28		- 3	- 2	- 20	- 25
Total impairment charges on loans and other receivables	**- 2**	**442**	**148**	**114**	**702**	**- 4**	**- 89**	**179**	**129**	**215**
Amount recorded in interest income from unwinding of discounting		- 22	- 10	- 5	- 37		- 13	- 2	- 4	- 19
Currency translation differences	1	3			4		16			16
Amounts written-off (net)		- 328	- 92	- 74	- 494		- 878	- 82	- 59	- 1,019
Reserve for unearned interest accrued on impaired loans		18	18		37		20		3	23
Other adjustments	- 0	- 4	- 0		- 4		3	- 2		1
Balance as at end of period	**22**	**3,887**	**649**	**649**	**5,207**	**24**	**3,756**	**463**	**514**	**4,757**

Developments over the first six months Reviewed

Comparing the first half of 2014 with the same period last year, excluding releases for special items totalling EUR 550 million (Madoff related files and the Greek files), impairment charges decreased by EUR 63 million.

Write-offs in the first half year dropped to EUR 494 million at 30 June 2014 from EUR 1,019 milion in the first half of 2013. This decrease of EUR 525 million was mainly driven by special items.

Coverage and impaired ratio as at 30 June 2014 Reviewed

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
					30 June 2014
Loans and receivables - banks	**30,038**	**22**	**- 22**	**100.0%**	**0.1%**
Loans and receivables - customers					
Residential mortgages[1]	153,914	1,729	- 516	29.8%	1.1%
Other consumer loans	15,985	853	- 535	62.7%	5.3%
Total consumer loans	**169,899**	**2,581**	**- 1,051**	**40.7%**	**1.5%**
Commercial loans[1]	83,310	5,080	- 3,250	64.0%	6.1%
Other commercial loans[2]	32,060	164	- 109	66.3%	0.5%
Total commercial loans	**115,370**	**5,243**	**- 3,359**	**64.1%**	**4.5%**
Government and official institutions	1,308				
Total Loans and receivables - customers	**286,578**	**7,825**	**- 4,409**	**56.3%**	**2.7%**
Total Loans and receivables[3]	**316,616**	**7,846**	**- 4,431**	**56.5%**	**2.5%**
Other assets	**6,520**	**16**	**- 5**	**31.1%**	**0.2%**
Total off-balance sheet	**103,551**	**6**	**- 0**	**-0.0%**	**0.0%**
Total impaired credit risk exposure	**426,687**	**7,868**	**- 4,436**	**56.4%**	**1.8%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.
2. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.
3. Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio as at 31 March 2014

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
	31 March 2014				
Loans and receivables - banks	**37,231**	**23**	**- 23**	**100.0%**	**0.1%**
Loans and receivables - customers					
Residential mortgages[1]	154,291	1,727	- 512	29.7%	1.1%
Other consumer loans	16,105	867	- 509	58.7%	5.4%
Total consumer loans	**170,396**	**2,594**	**- 1,021**	**39.4%**	**1.5%**
Commercial loans[1]	81,683	4,978	- 3,252	65.3%	6.1%
Other commercial loans[2]	28,012	117	- 87	74.4%	0.4%
Total commercial loans	**109,695**	**5,095**	**- 3,340**	**65.5%**	**4.6%**
Government and official institutions	1,115				
Total Loans and receivables - customers	**281,207**	**7,690**	**- 4,361**	**56.7%**	**2.7%**
Total Loans and receivables[3]	**318,438**	**7,713**	**- 4,385**	**56.8%**	**2.4%**
Other assets	**5,397**	**15**	**- 5**	**32.2%**	**0.3%**
Total off-balance sheet	**102,457**	**8**	**- 0**	**-0.0%**	**0.0%**
Total impaired credit risk exposure	**426,292**	**7,736**	**- 4,390**	**56.7%**	**1.8%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.
2. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.
3. Amounts excluding Incurred But Not Identified (IBNI).

Coverage and impaired ratio as at 31 December 2013 Reviewed

(in millions)	Gross carrying amount	Impaired exposures	Allowances for Impairments for identified credit risk	Coverage ratio	Impaired ratio
	31 December 2013				
Loans and receivables - banks	**31,234**	**23**	**- 23**	**100.0%**	**0.1%**
Loans and receivables - customers					
Residential mortgages[1]	154,024	1,739	- 472	27.1%	1.1%
Other consumer loans	16,241	887	- 512	57.7%	5.5%
Total consumer loans	**170,265**	**2,626**	**- 984**	**37.5%**	**1.5%**
Commercial loans[1]	84,330	5,038	- 3,237	64.3%	6.0%
Other commercial loans[2]	17,759	137	- 86	62.8%	0.8%
Total commercial loans	**102,089**	**5,175**	**- 3,323**	**64.2%**	**5.1%**
Government and official institutions	768				
Total Loans and receivables - customers	**273,122**	**7,801**	**- 4,307**	**55.2%**	**2.9%**
Total Loans and receivables[3]	**304,356**	**7,824**	**- 4,330**	**55.3%**	**2.6%**
Other assets	**4,610**	**13**	**- 5**	**38.5%**	**0.3%**
Total off-balance sheet	**101,525**	**8**		**-0.5%**	**0.0%**
Total impaired credit risk exposure	**410,492**	**7,845**	**- 4,335**	**55.3%**	**1.9%**

1. Gross carrying amount includes fair value adjustments from hedge accounting.
2. Other commercial loans consists of reverse repurchase agreements, securities borrowing transactions, financial lease receivables and factoring.
3. Amounts excluding Incurred But Not Identified (IBNI).

Second quarter developments

While the impaired ratio for the Loans and receivables portfolio remained fairly stable at 2.5% compared with 31 March 2014, the coverage ratio decreased marginally compared with the same period.

For Consumer loans, no major changes were noted between the first quarter and the second quarter of 2014.

Developments over the first six months Reviewed

Impaired ratio for the Loans and receivables portfolio remained fairly stable at 2.5% compared with year-end 2013. Comparing the first half year of 2014 with year-end 2013, an increase in the coverage ratio has been noted to 56.5% from 55.3%.

For Consumer loans, the impaired ratio remained stable at 1.5%. The coverage ratio for the mortgage portfolio increased from 27.1% at 31 December 2013 to 29.8% at 30 June 2014, mainly due to slightly higher impairments and a stable impaired portfolio.

Impaired loans by industry

(in millions)	30 June 2014 Impaired exposures	30 June 2014 Allowances for impairments for identified credit risk	31 March 2014 Impaired exposures	31 March 2014 Allowances for impairments for identified credit risk	31 December 2013 Impaired exposures	31 December 2013 Allowances for impairments for identified credit risk
Industry sector						
Banks	22	- 22	23	- 23	23	- 23
Financial services[1]	825	- 734	751	- 678	720	- 674
Industrial goods and services	1,430	- 724	1,322	- 708	1,374	- 721
Real Estate	709	- 451	748	- 482	819	- 520
Oil and gas	82	- 81	97	- 104	105	- 104
Food and beverage	385	- 252	419	- 255	421	- 250
Retail	547	- 339	515	- 295	517	- 292
Basic Resources	234	- 141	211	- 122	208	- 121
Healthcare	49	- 25	47	- 25	48	- 25
Construction and materials	416	- 294	374	- 263	381	- 271
Travel and leisure	264	- 147	275	- 153	272	- 139
Other[2]	275	- 151	349	- 277	380	- 274
Subtotal Industry Classification Benchmark	**5,236**	**- 3,361**	**5,133**	**- 3,384**	**5,268**	**- 3,414**
Private individuals (non-Industry Classification Benchmark)	2,630	- 1,074	2,585	- 994	2,577	- 921
Public administration (non-Industry Classification Benchmark)	2	- 1	18	- 11		
Subtotal non-Industry Classification Benchmark	**2,631**	**- 1,075**	**2,603**	**- 1,005**	**2,577**	**- 921**
Total[3]	**7,868**	**- 4,436**	**7,736**	**- 4,390**	**7,845**	**- 4,335**

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 increased slightly to EUR 7.9 billion at 30 June 2014 compared with 31 March 2014.
The impairments allowance also changed marginally.
At industry level relatively small movements can be noted in Financial services, Industrial goods & services and Construction and materials. These movements are mainly due to a number of smaller amounts.

Developments over the first six months

Comparing the 30 June 2014 figures with year-end 2013, the figures show limited movements at industry level, which are accountable to a number of smaller amounts.

Developments in specific portfolios

Residential mortgages

Confidence in the Dutch housing market keeps growing. According to Statistics Netherlands (CBS), the number of transactions from January - June 2014 was the highest for the first 6 months since the beginning of the financial crisis. For the first time since January 2009, house prices marginally increased between April and June 2014. However, a significant group of homeowners is still facing potential residual debt, which has a negative impact on residential mobility.

Extra repayments on existing mortgages and tighter mortgage lending conditions, such as lowering the maximum LtMV from 105% to 104% (as from January 2014) and discouraging interest only mortgages (because of discontinued tax deductibility of paid interest) is expected to improve the residual debt situation in the long run. A further increase in house prices, however, would be necessary to improve the situation substantially.

Comparing the production volume for the first half year of 2014 with the same period last year, the volume has increased reflecting the upturn in the housing market. The NHG part of the new production continued to rise, from 51% in the first quarter to 56% in the second quarter of 2014.

Extra repayments remained high, due to low interest rates on savings accounts and specific fiscal arrangements such as temporary tax exemptions on donations. Extra repayments together with contractual repayments and redemptions exceeded the new production volume, resulting a marginally lower residential mortgage portfolio compared with 31 March 2014 and year-end 2013.

Key residential mortgage indicators

(in millions)	30 June 2014	31 March 2014	31 December 2013
Gross carrying amount excl. fair value adjustment from hedge accounting	150,040	150,580	150,493
Of which Nationale Hypotheek Garantie	36,845	36,045	35,603
Fair value adjustment from hedge accounting	3,874	3,711	3,531
Gross carrying amount	153,914	154,291	154,024
Exposure at Default[1]	161,168	159,657	160,165
Risk-weighted assets[1]	20,167	18,624	19,823
Risk-weighted assets/Exposure at Default	12.5%	11.7%	12.4%
Forbearance ratio[2]	1.2%	n.a.	1.6%
Past due but not impaired	4,152	4,212	4,108
Past due ratio	2.7%	2.7%	2.7%
Coverage ratio	29.8%	29.7%	27.1%
Impaired ratio	1.1%	1.1%	1.1%
Average Loan-to-Market-Value	85.0%	84.0%	84.0%
Collateral	209,306	210,966	213,640
Collateral/carrying amount	136.0%	136.7%	138.7%

1. 2013 figures are reported under Basel II and the 2014 figures are reported using the Basel III (CRR/CRD IV) framework. Under Basel III 2013 pro-forma figures are: EAD (157,902); RWA (18,840).
2. In the first quarter of 2014 ABN AMRO did not report forbearance figures.

There were no major movements in the carrying amount and the Exposure at Default of the mortgage portfolio. RWA for the mortgage portfolio rose by EUR 1.5 billion, mainly due to an update of models determining the Loss Given Default for part of the portfolio. Moreover a reclassification of exposures had an adverse effect on RWA.

The mortgage portfolio in arrears (past due up to 90 days) remained fairly stable at EUR 4.2 billion at 30 June 2014, compared to EUR 4.2 billion at 31 March 2014 and EUR 4.1 billion at year-end 2013.

ABN AMRO continues to closely monitor mortgage portfolio developments, in order to prevent losses for both clients and the bank, and takes measures that focus on the client's ability to pay. For example, the bank actively approaches clients with a high mortgage LtMV. Advice to these clients varies from budget coaching to making (higher) extra repayments on existing mortgages. Additionally, clients are still allowed to make prepayments on the part of their mortgage that exceeds of the market value of their house without a penalty.

The average LtMV of the mortgage portfolio at 30 June 2014 was 85.0% (31 March 2014 as well as year-end 2013: 84.0%). The slightly higher LtMV is accountable to the growing number of NHG- guaranteed mortgages in the portfolio. NHG mortgages on average have a higher LtMV. The increase in house prices in the second quarter as indicated by CBS (Statistics Netherlands) is not yet visible in the LtMV, since the quarterly index figure which is used to calculate collateral value was not available yet.

Residential mortgages to indexed market value

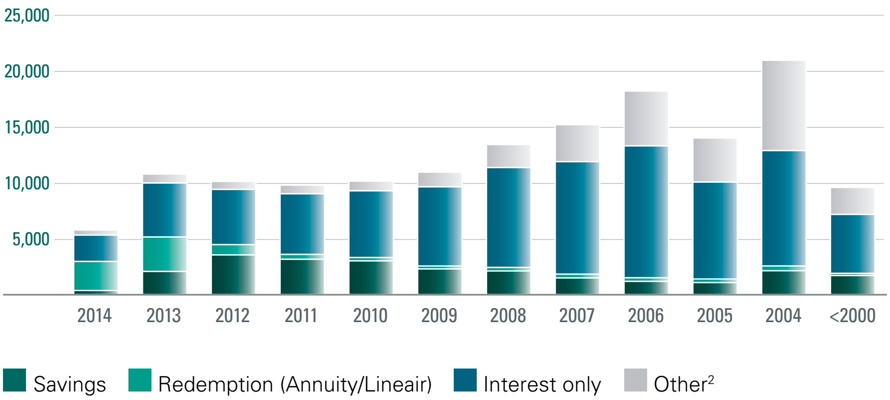
	30 June 2014		31 March 2014		31 December 2013	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Loan-to-Market Value category[1]						
NHG	36,845	25%	36,045	24%	35,603	24%
<50%	20,494	14%	20,814	14%	21,050	14%
50% - 80%	29,974	20%	30,538	20%	30,393	20%
80% - 90%	12,016	8%	12,128	8%	11,929	8%
90% - 100%	13,542	9%	13,675	9%	13,496	9%
100% - 110%	13,640	9%	13,816	9%	13,705	9%
>110%	21,563	14%	21,056	14%	22,296	15%
Unclassified[2]	1,966	1%	2,508	2%	2,021	1%
Total	**150,040**	**100%**	**150,580**	**100%**	**150,493**	**100%**

1. ABN AMRO calculates the Loan-to-Market Value using the indexation of the CBS (Statistics Netherlands).
2. The unclassified portfolio comprises smaller portfolios that are administered by external service providers.

The LtMV distribution for the mortgage portfolio remained relatively stable.

Breakdown of the mortgage portfolio by year of loan production[1]

(in millions)



1 Production includes the new mortgage production and all mortgages with a modification date.
2 Other includes universal life, life investment, hybrid, other and unclassified mortgage types. The hybrid portfolio consists of a combination of savings and investment mortgages.

No major movements were noted in the breakdown of the mortgage portfolio, although there has been a slight rise in redeeming mortgages due to the Dutch fiscal regime on mortgages.

Breakdown of residential mortgage portfolio by loan type

	30 June 2014		31 March 2014		31 December 2013	
(in millions)	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total	Gross carrying amount	Percentage of total
Interest only (partially)	50,327	34%	50,545	34%	50,521	34%
Interest only (100%)	35,313	24%	35,674	24%	36,387	24%
Redeeming mortgages (annuity/linear)	9,514	6%	8,296	6%	7,020	5%
Savings	24,187	16%	24,629	16%	24,674	16%
Life (investment)	21,480	14%	21,751	14%	22,248	15%
Other[1]	9,218	6%	9,685	6%	9,643	6%
Total	**150,040**	**100%**	**150,580**	**100%**	**150,493**	**100%**

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

The impact of the new fiscal regime on the breakdown of the mortgage portfolio is limited. The interest only mortgages still account for the majority of the mortgage portfolio. Slight increases can be noted for the redeeming mortgages in the second quarter of 2014, as wel as the first half year of 2014.

Other consumer loans

Other consumer loans indicators

(in millions)	30 June 2014	31 March 2014	31 December 2013
Gross carrying amount	15,985	16,105	16,241
Forbearance ratio[1]	2.5%	n.a.	2.1%
Past due but not impaired	740	924	885
Past due ratio	4.6%	5.7%	5.4%
Coverage ratio	62.7%	58.7%	57.7%
Impaired ratio	5.3%	5.4%	5.5%
Collateral	8,815	8,963	7,955
Collateral/Gross carrying amount	55.1%	55.7%	49.0%

1. In the first quarter of 2014 ABN AMRO did not report forbearance figures.

The carrying amount for Other consumer loans remained fairly stable for the second quarter of 2014 and the first half year of 2014. Other consumer loans represent around 6% of the Loans and receivables portfolio.

The impairment allowance remained fairly stable at EUR 0.5 billion. The past due but not impaired part of the portfolio decreased significantly compared to year-end 2013, Thanks to the proactive recession management programme, which was designed to prevent payment problems for clients in the near future.

Commercial loans

Commercial loans indicators

(in millions)	30 June 2014	31 March 2014	31 December 2013
Gross carrying amount	115,370	109,695	102,089
Forbearance ratio[1]	5.9%	n.a.	6.3%
Past due but not impaired	2,354	2,800	2,386
Past due ratio	2.0%	2.6%	2.3%
Coverage ratio	64.1%	65.5%	64.2%
Impaired ratio	4.5%	4.6%	5.1%
Collateral	82,446	77,847	71,708
Collateral/Gross carrying amount	71.5%	71.0%	70.2%

1. In the first quarter of 2014 ABN AMRO did not report forbearance figures.

Business Banking

Business Banking has a diversified portfolio across all sectors, with agriculture being the biggest sector. Client activities mainly relate to the Netherlands.

The loan book of Business Banking contracted further in the first half of 2014 due to lower demand and tightened client acceptance criteria but new production of loans is stabilising after a long period of decline. Impairment charges were slightly lower in the first half of 2014 compared to 2013. Inflow into FR&R showed a decrease in the second quarter of 2014 compared to the same period in 2013.

Energy, Commodities & Transportation

In the second quarter of 2014, the trend of the first quarter continued, resulting in a further growth of the loan portfolio. The ECT combined on- and off-balance sheet exposure grew by 9% annualised over the first half of 2014. Growth was mainly realised in the energy and transportation sectors, both in Asia and the USA. ECT's total loan portfolio is mainly USD denominated and amounts to an equivalent of EUR 17.4 billion in on-balance sheet exposure compared with EUR 16.9 billion at 31 March 2014 and EUR 16.2 billion at year-end 2013.

The off-balance sheet exposure, mainly consisting of short term letters of credit secured by commodities and committed credit lines, remained relatively stable at EUR 12.4 billion compared with EUR 12.2 billion at year-end 2013. Uncommitted commodity trade finance facilities grew to EUR 18.8 billion from EUR 16.7 billion at year-end 2013.

In terms of on-balance sheet composition over the different ECT sectors, the shares of energy and transportation increased slightly. The commodities sector accounts for 54% of the ECT loan portfolio, while the remainder consists loans to clients in the transportation (31%) and energy (15%) sectors.

Loan impairment charges remained limited and decreased to EUR 12.1 million for the first half year of 2014 compared with EUR 14.5 million in the first half year of 2013. In the second quarter of 2014 the impairment charges decreased to EUR 3.3 million compared with EUR 7.5 million in the second quarter of 2013.

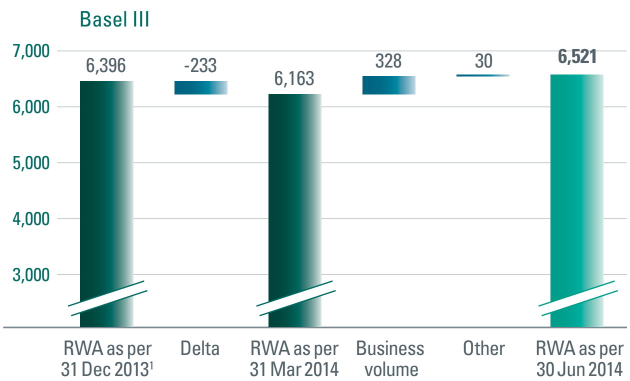
Market risk

ABN AMRO has limited exposures in the market risk trading book.

Market risk in the trading book

RWA flow statement market risk

(in millions)



[1] No RWA impact from CRR/CRD IV on market risk.

Internal aggregated diversified and undiverisified VAR for all trading positions

	Q2 2014		Q2 2013		Q1 2014	
(in millions)	Diversified	Undiversified	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	1.1	2.4	2.9	3.6	1.4	2.5
Highest VaR	2.1	3.4	4.8	5.7	3.8	5.1
Lowest VaR	1.0	2.1	1.0	1.6	1.2	2.1
Average VaR	1.3	2.6	2.2	2.9	1.9	3.2

A one-day 99% VaR for the daily management of market risk in the trading book.

The daily VaR decreased from EUR 1.4 million at the end of the first quarter 2014 to EUR 1.1 million at the end of the second quarter 2014. The VaR decreased from EUR 2.9 million at the end of the second quarter 2013 to EUR 1.1 million at the end of the second quarter 2014. Both decreases were partly accountable to an increasingly low interest rate environment. In addition, the equity VaR has dropped as a result of the strategic decision to close down the equity derivatives businesses resulting in zero client flow and more conservative risk positioning.

Market risk in the banking book

In a persistently low interest rates environment the duration of equity increased compared with the first quarter of the year. The VaR of the banking book increased in line with the duration development.

Interest rate risk metrics

	30 June 2014	31 March 2014	31 december 2013
NII-at-risk (in %)	1.5	5.7	5.4
Duration of equity (in years)	3.9	3.6	4.3
VaR banking book at last trading day of period[1] (in millions)	929	864	956

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.

The NII-at-Risk decreased compared with Q1 2014, reflecting lower net interest income sensitivity to a potential upward yield curve shift. The decrease in the NII sensitivity was mainly caused by balance sheet developments.

The primary balance sheet developments refer to savings inflow and a decrease in the cash position. Both diminish the short term interest rate sensitivity.

The sensitivity of the net interest income towards a further downward movement of the yield curve remains limited.

Operational risk

No RWA impact has been noted for operational risk between 31 March 2014 and 30 June 2014.

In the first half year of 2014 the RWA decreased marginally by EUR 247 million compared with year-end 2013. There was no transition effect from Basel II to Basel III at year-end 2013.

capital management 8

ABN AMRO remains well capitalised and already compliant with the more stringent fully-loaded Basel III requirements. The transition to a collective defined contribution (CDC) pension scheme is expected to eliminate the equity capital volatility going forward.

Capital structure

The capital structure consists mainly of highly loss-absorbing capital to cover unexpected losses. The subordination in specific capital elements provides further protection of the interests of senior creditors.

In Q2 2014, the Common Equity Tier 1 capital decreased mainly due to the implementation of the new pension scheme and the subsequent removal of the associated regulatory capital filter (as reflected in other regulatory adjustments in the table below).

In the first half of 2014, the Common Equity Tier 1 capital decreased primarily due to the impact of the new pension scheme, while the Tier 1 and Tier 2 capital benefited from lower capital deductions following the CRD IV implementation.

Regulatory capital structure

(in millions)	Basel III 30 June 2014	Basel III 31 March 2014	Basel III 31 December 2013 pro forma	Basel II 31 December 2013
Total equity (IFRS)	**13,922**	**13,933**	**13,568**	**13,568**
Participations in financial institutions				- 336
Cash flow hedge reserve	1,283	1,385	1,467	1,467
Other regulatory adjustments	- 446	1,090	983	999
Common equity Tier 1/Core Tier 1 capital	**14,758**	**16,408**	**16,018**	**15,698**
Innovative hybrid capital instruments	800	800	800	1,000
Other regulatory adjustments	- 212	- 226	- 317	
Tier 1 capital	**15,347**	**16,982**	**16,501**	**16,698**
Subordinated liabilities Tier 2	5,586	5,612	5,607	5,610
Excess Tier 1 capital recognised as Tier 2 Capital	200			
Participations in financial institutions				- 336
Other regulatory adjustments	- 63	- 78	- 164	25
Total capital	**21,070**	**22,516**	**21,944**	**21,997**

Risk-weighted assets and capital ratios

(in millions)	Basel III 30 June 2014	Basel III 31 March 2014	Basel III 31 December 2013 pro forma	Basel II 31 December 2013
Risk-weighted assets				
Credit risk (RWA)	92,261	90,939	92,631	86,201
Operational risk (RWA)	16,168	16,168	16,415	16,415
Market risk (RWA)	6,521	6,163	6,396	6,396
Risk-weighted assets	**114,950**	**113,270**	**115,442**	**109,012**
Common Equity Tier 1 ratio/Core Tier 1 ratio	12.8%	14.5%	13.9%	14.4%
Tier 1 ratio	13.4%	15.0%	14.3%	15.3%
Total capital ratio	18.3%	19.9%	19.0%	20.2%
Other indicators				
Risk-weighted assets/Total assets	29.0%	29.0%	31.0%	29.3%
Risk-weighted assets/Exposure at Default	32.5%	32.1%	32.5%	31.2%

Main changes in capital position

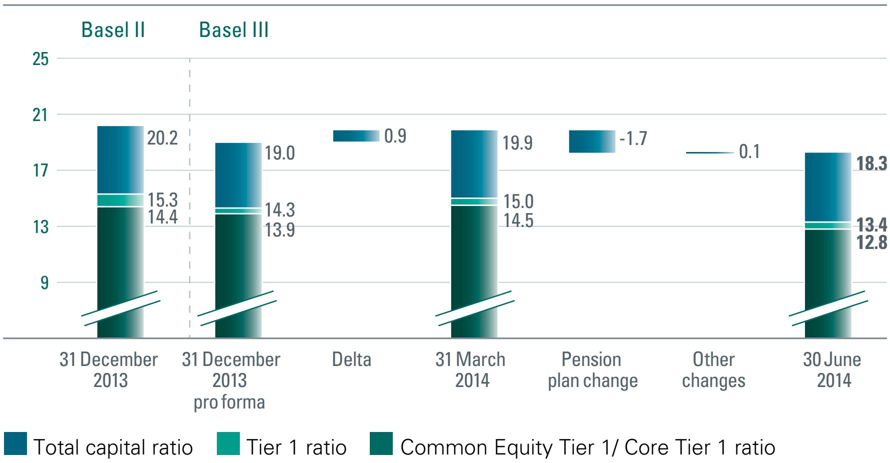
On 30 June 2014 the CRD IV Common Equity Tier 1 ratio stood at 12.8% compared with 14.5% on 31 March 2014. The CRD IV total capital ratio was 18.3%, down from 19.9%.

In Q2 2014, the decrease in ABN AMRO's capital ratios is mainly attributable to the transition from the defined benefit (DB) to a collective defined contribution pension scheme and to a lesser extend to RWA increase.

In the first half of 2014, the CRD IV Common Equity Tier 1 ratio decreased by 1.1% and the CRD IV total capital ratio decreased by 0.7%. The decrease of the Common Equity Tier 1 ratio is mainly attributable to pension scheme change, partially offset by lower RWA and the retained profit for Q1 2014. The lower decrease of total capital ratio is mainly due to lower Tier 1 and Tier 2 capital deductions after the CRD IV phase-in and the higher eligible Tier 2 capital following the CRR compliancy assessment.

Developments impacting capital ratios in Q2 2014

(in %)



Pension scheme change

In Q2 2014, the transition from a DB pension scheme to a CDC pension scheme resulted in a negative impact on the CRD IV Common Equity Tier 1 of 167 bps.

The settlement of the pension agreement eliminates the capital position volatility and reduces the volatility of the bank's pension expenses. The one-off adverse capital impact stemmed from the settlement of the pension agreement and the removal of the regulatory capital filter, which had been in place to mitigate the impact of the revised pension accounting standard IAS 19. The regulatory capital filter removed amounted to EUR 1,682 million as at 12 June 2014.

The settlement of the pension agreement had a negative impact of EUR 216 million (EUR 288 million pre-tax) on the net result, breaking down as follows:

- the compensation payment of EUR 375 million (EUR 500 million pre-tax);
- a pre-tax lump sum for a catch-up indexation of EUR 150 million (EUR 200 million pre-tax);
- the release of the net pension liability of EUR 337 million (EUR 449 million pre-tax);
- for 2014, the cash contribution to the pension fund is based on the calculation mechanism of the defined benefit pension plan applicable until 12 june 2014. The difference with the contribution based on the new defined contribution calculation mechanism amounting to EUR 37 million (EUR 28 million after tax) is recognised as an additional settlement payment in profit or loss.

An external audit on the figures provided by the pension fund is planned in the second half of 2014. For further information on the pension scheme change, please refer to note 15 of the Interim Financial Statements.

Dividend

In Q2 2014, a final dividend of EUR 200 million was paid to the sole shareholder, out of total dividend of EUR 350 million for the financial year 2013.

The decision on the interim dividend to be paid to ABN AMRO's shareholder will be subject to third-quarter results. Hence, the Managing Board will propose an interim dividend in our Q3 2014 report. For more information on the dividend policy of ABN AMRO, please refer to the Annual Financial Statements 2013.

Main regulatory developments

CRD IV/CRR

The Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) have 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.

Eligibility of capital instruments

(in millions)	30 June 2014	31 March 2014	31 December 2013
Tier 1 capital instruments	1,000	1,000	1,000
Tier 2 capital instruments	6,488	6,513	6,517
Total capital instruments	**7,488**	**7,513**	**7,517**
Of which CRD IV/CRR phase-in eligible			
Tier 1	800	800	800
Tier 2	5,586	5,612	5,607
Excess Tier 1 capital recognised as Tier 2 Capital	200		
Of which CRD IV/CRR fully-loaded eligible			
Tier 1			
Tier 2	5,399	2,655	2,654

Following the CRR compliancy assessment of ABN AMRO's capital instruments by the Dutch Central Bank, the large majority of Tier 2 instruments are recognised as fully CRR compliant, with substantial positive impact on the fully-loaded total capital.

Furthermore, the excess amount of the outstanding Tier 1 capital instrument above the grandfathering limit, i.e. EUR 200 million, will qualify as Tier 2 until the first call date of the instrument (March 2016).

Before the decision was made by the Dutch Central Bank, a more conservative approach was followed, and this resulted in a lower fully loaded eligible Tier 2 capital position as at 31 March 2014 and 31 December 2013.

The result of the CRR compliancy assessment had no substantial impact on the phase-in Tier 2 capital.

Impact of CRD IV/CRR fully loaded rules on capital ratios

Under the CRD IV/CRR fully-loaded rules, the impact on the capital ratios is as follows:

- RWA are equivalent to those under phase-in rules;
- Total capital is expected to decrease by an additional EUR 1.1 billion, mainly due to the loss of eligibility of Tier 1 and Tier 2 capital instruments, resulting in an additional decline in the total capital ratio by 0.9%.

CRD IV/CRR capital ratios

(30 June 2014)	Phase-in	Fully-loaded
Risk-weighted assets	114,950	114,950
Common Equity Tier 1	14,758	14,554
Tier 1 capital	15,347	14,554
Total capital	21,070	19,953
Common Equity Tier 1 ratio	12.8%	12.7%
Tier 1 ratio	13.4%	12.7%
Total capital ratio	18.3%	17.4%

The leverage ratio is defined as the fully-loaded Tier 1 capital divided by IFRS on-balance sheet and off-balance sheet exposures. On 30 June 2014, the leverage ratio remained stable compared with 31 March 2014 at 3.6%.

liquidity & funding 9

ABN AMRO's liquidity position remains solid. In Q2 2014, all liquidity indicators were comfortably within their respective internal targets, in line with the pursued moderate risk profile. The Liquidity Coverage Ratio (LCR) improved above 100% in Q2 2014, in line with ABN AMRO's strategy for early compliance with Basel III requirements. On the funding side, customer deposits remained stable, while wholesale funding increased slightly.

Liquidity risk management

Liquidity indicators

	30 June 2014	31 March 2014	31 December 2013
Loan-to-deposit ratio (in %)	119%	119%	121%
LCR ratio (in %)	> 100%	97%	100%
NSFR ratio (in %)	> 100%	> 100%	> 100%
Survival period (months)	>12 months	>12 months	>12 months
Available Liquidity buffer (in billions)	70.4	72.0	75.9

In Q2 2014, the loan-to-deposit ratio remained stable at 119%.

In the first half of 2014, the loan-to-deposit ratio improved from 121% to 119%, mainly due to lower commercial loan volumes.

Loan-to-deposit ratio

(in millions)	30 June 2014	31 March 2014	31 December 2013
Loans and receivables - customers	281,393	276,070	268,147
Net adjustments	- 24,854	- 20,747	- 10,335
Adjusted loans and receivables - customers	**256,538**	**255,323**	**257,812**
Due to customers	232,190	229,621	215,643
Net adjustments	- 16,659	- 14,394	- 1,947
Adjusted due to customers	**215,531**	**215,227**	**213,696**
Loan-to-deposit ratio (%)	**119%**	**119%**	**121%**

The (BIS) Liquidity Coverage Ratio (LCR) rose above 100%, while the Net Stable Funding Ratio (NSFR) remained above 100% in Q2 2014. This is in line with our strategy for early compliance with future regulatory requirements.

The survival period was consistently >12 months in Q2 2014. The survival period reflects the horizon to which the Group's liquidity position is expected to remain positive in a scenario in which wholesale funding markets close down and retail and commercial clients withdraw a proportion of their deposits.

The liquidity buffer decreased by EUR 1.6 billion to EUR 70.4 billion in Q2 2014. A liquidity buffer of unencumbered assets is retained as a safety cushion in the event of severe liquidity stress. The liquidity buffer decrease is mainly attributed to the lower cash position.

The decrease in the cash position of EUR 6.8 billion was mainly due to the purchase of government and government-guaranteed bonds (EUR 3.7 billion) and the larger increase in loans to customers compared with the increase in deposits from customers.

In the first half of 2014, the Liquidity Coverage Ratio rose above 100%, the Net Stable Funding Ratio remained above 100% and the survival period consistently exceeded 12 months. The liquidity buffer decreased mainly as a result of the lower cash position, which was accountable to the redemption on call date of external RMBS (EUR 2.0 billion) and the purchase of government bonds and government-guaranteed bonds (EUR 7.7 billion).

Liquidity buffer composition

	30 June 2014		31 March 2014		31 December 2013	
(in billions)	Liquidity buffer	Of which LCR eligible	Liquidity buffer	Of which LCR eligible	Liquidity buffer	Of which LCR eligible
Cash & central bank deposits	4.0	4.0	10.8	10.8	16.8	16.8
Government bonds	22.9	24.1	20.0	21.3	18.0	18.8
Covered bonds	2.2	1.9	2.2	2.0	2.2	1.9
Retained RMBS	32.6		31.6		33.1	
Third party RMBS	1.0	0.9	1.0	0.9	1.1	0.9
Other	7.6	4.1	6.3	3.6	4.7	2.7
Total liquidity buffer	**70.4**	**35.0**	**72.0**	**38.5**	**75.9**	**41.1**
Of which in EUR (in %)	94.0%		95.0%		96.0%	
Of which in other currencies (in %)	6.0%		5.0%		4.0%	

Funding

ABN AMRO's funding strategy aims to maintain the targeted long-term funding position and liquidity profile by continuously optimising and diversifying the bank's funding sources, whilst also optimising net interest income. One of the key focus points of the funding strategy is compliance with current and anticipated regulatory requirements.

In the second quarter of 2014, the long-term senior unsecured debt credit spreads for financials decreased by 10-15 bps. Investors' sentiment remained positive, despite geopolitical tensions. The drop in funding spreads was aided by the announcement that the ECB would offer a Targeted Long Term Repurchase Operation (T-LTRO) to the banking industry in order to promote lending to households and the corporate sector.

Liability breakdown

Customer deposits comprise a solid and core funding base and serve as the main source of funding, complemented by well-diversified wholesale funding. Customer deposits remained stable in Q2 2014 at EUR 209 billion.

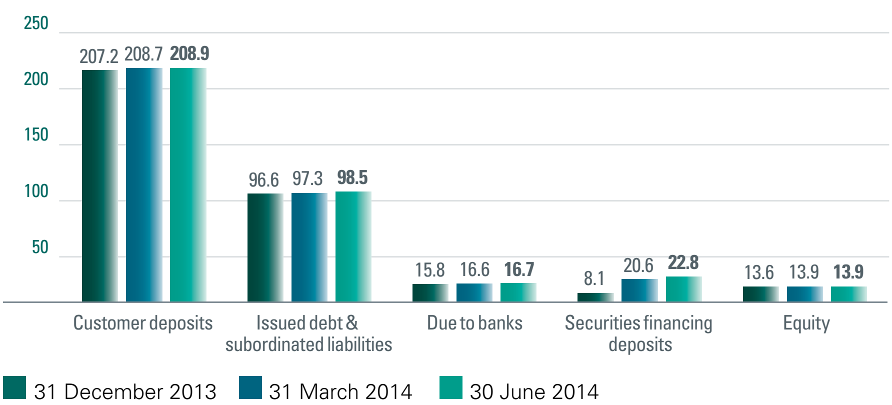
The amount of outstanding wholesale funding (issued debt and subordinated liabilities) rose from EUR 97.3 billion in Q1 2014 to EUR 98.5 billion in Q2 2014.

In the first half of 2014, customer deposits grew by EUR 1.7 billion, while wholesale funding increased by EUR 1.9 billion.

The following graph provides an overview of the balance sheet liabilities as at 30 June 2014 and 31 March 2014.

Liability and equity breakdown

(in billions)



In Q2 2014, EUR 2.0 billion of long-term debt matured, while EUR 3.1 billion of long-term funding, primarily unsecured, was issued.

Meeting specific investor needs, 100% of the combined secured and unsecured long-term wholesale funding raised in Q2 2014 was attracted through private placements. At the same time, the bank continued to pursue its strategy of currency diversification, raising 30% of its Q2 2014 funding in non-euro currencies.

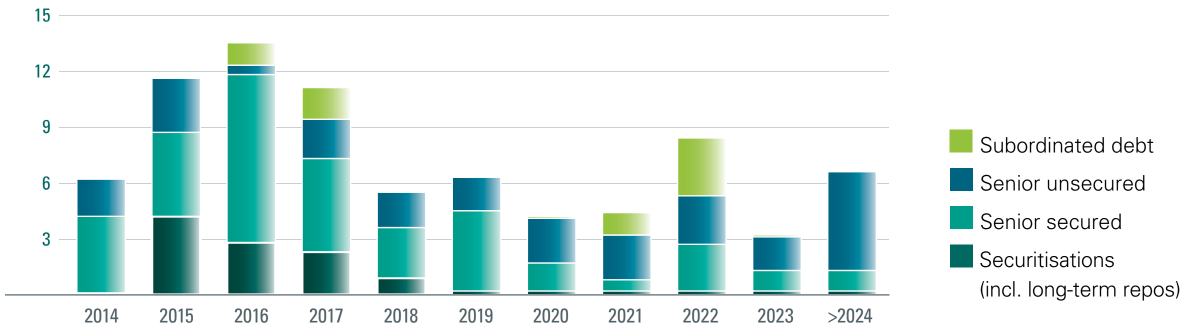
In the first half of 2014, EUR 8.4 billion of long-term debt matured and EUR 8.6 billion of long-term funding was issued, 31% of which in non-euro currencies.

Overview of funding instruments

(in millions)	30 June 2014	31 March 2014	31 December 2013
Saving certificates	279	277	352
Commercial Paper/Certificates of Deposit			
Euro Commercial Paper	3,668	3,039	2,054
London Certificates of Deposit	4,371	5,132	5,258
French Certificats de Dépôt	4,497	4,444	4,668
US Commercial Paper	3,641	3,611	3,630
Total Commercial Paper/Certificates of Deposit	**16,177**	**16,227**	**15,610**
Senior guaranteed			
Dutch State guaranteed medium-term notes[1]		1,430	1,423
Senior unsecured			
Unsecured medium-term notes	35,348	33,208	33,089
Senior secured			
Covered bonds	28,452	27,970	25,913
Securitisations[2]			
Residential mortgage-backed securities (Dutch)	10,046	10,081	12,122
Other asset-backed securities	171	172	173
Total securitisations	**10,217**	**10,253**	**12,295**
Total issued debt	**90,473**	**89,364**	**88,682**
Total subordinated liabilities	**7,984**	**7,970**	**7,917**
Total funding instruments	**98,457**	**97,334**	**96,599**
Of which CP/CD matures within one year	16,177	16,142	15,610
Of which funding instruments (excl. CP/CD) matures within one year	13,607	16,128	15,202
Of which matures after one year	68,673	65,064	65,787

1. The Dutch State guaranteed medium-term notes matured in May 2014.
2. Excluding long-term repos.

Maturity calendar at 30 June 2014
(in billions)



The average original maturity of funding issued in Q2 2014 was 4.2 years, compared to 6.2 years in Q1 2014, bringing the average original maturity of funding issued year-to-date 2014 to 5.5 years. The average maturity of outstanding long-term funding (including subordinated liabilities) decreased to 4.5 years in Q2 2014, from 4.7 years in Q1 2014 and 4.5 years at year-end 2013.

responsibility statement 10

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 months period ending on 30 June 2014, 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 months period ending on 30 June 2014, 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, 21 August 2014
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 2014

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Condensed consolidated income statement

(in millions)	Note	First half 2014	First half 2013
Income			
Interest income		5,948	5,979
Interest expense		3,075	3,314
Net interest income		**2,873**	**2,665**
Fee and commission income		1,318	1,324
Fee and commission expense		476	495
Net fee and commission income		**842**	**829**
Net trading income		109	4
Results from financial transactions		-17	-16
Share of result in equity accounted investments		29	37
Other income		64	82
Operating income	4	**3,900**	**3,601**
Expenses			
Personnel expenses		1,444	1,199
General and administrative expenses		1,201	1,017
Depreciation and amortisation of tangible and intangible assets		82	95
Operating expenses	5	**2,727**	**2,311**
Impairment charges on loans and other receivables		703	216
Total expenses		**3,430**	**2,527**
Operating profit/(loss) before taxation		**470**	**1,074**
Income tax expense		120	257
Profit/(loss) for the period		**351**	**817**
Attributable to:			
Owners of the company		351	818
Non-controlling interests		-1	-1

Condensed consolidated statement of comprehensive income

(in millions)	First half 2014	First half 2013
Profit/(loss) for the period	**351**	**817**
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement gains/(losses) on defined benefit plans	-187	80
Items that will not be reclassified to the income statement before taxation	**-187**	**80**
Income tax relating to items that will not be reclassified to the income statement	-47	19
Items that will not be reclassified to the income statement after taxation	**-141**	**61**
Items that may be reclassified to the income statement		
Currency translation reserve	17	-10
Available-for-sale reserve	169	25
Cash flow hedge reserve	246	294
Share of other comprehensive income of associates	8	6
Other changes	5	-4
Other comprehensive income for the period before taxation	**445**	**311**
Income tax relating to components of other comprehensive income	100	84
Other comprehensive income for the period after taxation	**345**	**227**
Total comprehensive income/(expense) for the period after taxation	**555**	**1,105**
Total comprehensive income attributable to:		
Owners of the company	555	1,106
Non-controlling interests	-1	-1

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2014	31 December 2013
Assets			
Cash and balances at central banks		6,776	9,523
Financial assets held for trading	6	28,044	23,867
Financial investments	7	36,179	28,111
Loans and receivables - banks	8	30,016	31,210
Loans and receivables - customers	9	281,393	268,147
Equity accounted investments		1,159	1,082
Property and equipment		1,400	1,426
Goodwill and other intangible assets		189	195
Assets held for sale		30	29
Accrued income and prepaid expenses		703	722
Current tax assets		98	165
Deferred tax assets		653	745
Other assets		9,192	6,800
Total assets		**395,831**	**372,022**
Liabilities			
Financial liabilities held for trading	6	17,974	14,248
Due to banks	10	16,713	15,833
Due to customers	11	232,190	215,643
Issued debt	12	90,473	88,682
Subordinated liabilities	13	7,984	7,917
Provisions	14	1,058	1,550
Accrued expenses and deferred income		1,393	1,303
Current tax liabilities		77	69
Deferred tax liabilities		22	21
Other liabilities		14,024	13,188
Total liabilities		**381,909**	**358,454**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		1,105	4,554
Other comprehensive income		-1,104	-4,909
Equity attributable to owners of the parent company		**13,910**	**13,555**
Equity attributable to non-controlling interests		12	13
Total equity		**13,922**	**13,568**
Total liabilities and equity		**395,831**	**372,022**
Committed credit facilities	17	15,618	13,764
Guarantees and other commitments	17	16,134	16,103

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 attributable to shareholders	Total	Non-controlling interests	Total equity
Balance at 1 Januari 2013	**1,015**	**13,105**	**2,658**	**-5,067**	**1,153**	**12,864**	**19**	**12,883**
Total comprehensive income			-4	292	818	1,106	-1	1,105
Issue of share capital								
Share based payments								
Transfer			1,153		-1,153			
Dividend			-262			-262		-262
Increase/(decrease) of capital	-75	-135	-3			-213		-213
Other changes in equity			-0				1	1
Balance at 30 June 2013	**940**	**12,970**	**3,542**	**-4,775**	**818**	**13,495**	**19**	**13,514**
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**

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 2013	**-3,284**	**5**	**24**	**-1,873**	**61**	**-5,067**
Net gains/(losses) arising during the period	80	-10	25	242	6	343
Less: Net realised gains/(losses) included in income statement				-52		-52
Net gains/(losses) in equity	**80**	**-10**	**25**	**294**	**6**	**395**
Related income tax	19	2	8	74		103
Balance at 30 June 2013	**-3,223**	**-7**	**41**	**-1,653**	**67**	**-4,775**
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**

2014

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

A final dividend of EUR 200 million was paid out 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 (OCI) 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.

2013

Total comprehensive income includes EUR 817 million profit for the first half of 2013.

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

In 2013, a final dividend of EUR 250 million for the year 2012 was paid to the ordinary shareholders and EUR 12 million to the holders of preference shares A.

In the first half of 2013, EUR 210 million of class A non-cumulative preference shares were repurchased and cancelled, resulting in decreases in share capital and share premium of EUR 75 million and EUR 135 million respectively.
In addition, EUR 3 million was paid to preference share A holders for rights accrued in the first half of 2013 in relation to the repurchase of the preference shares.

Share of OCI of associates and joint ventures is mainly related to the revaluation of associates.

Condensed consolidated statement of cash flows

(in millions)	First half 2014	First half 2013
Profit/(loss) for the period	**351**	**817**
Adjustments on non-cash items included in profit:		
(Un)realised gains/(losses)	242	-442
Share of profits in associates and joint ventures	-33	-43
Depreciation, amortisation and accretion	164	169
Provisions and impairment losses	802	311
Income tax expense	120	257
Changes in operating assets and liabilities:		
Assets held for trading	-4,167	-2,773
Liabilities held for trading	3,717	-2,179
Loans and receivables - banks	1,064	6,076
Loans and receivables - customers	-13,699	-6,324
Other assets	-1,539	1,056
Due to banks	829	5,533
Due to customers	16,253	15,874
Liabilities arising from insurance and investment contracts	-95	-125
Net changes in all other operational assets and liabilities	-48	-2,714
Dividend received from associates	33	31
Income tax paid	-5	118
Cash flow from operating activities	**3,988**	**15,643**
Investing activities:		
Purchases of financial investments	-12,265	-6,534
Proceeds from sales and redemptions of financial investments	5,408	2,740
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures	-85	-33
Divestments of subsidiaries (net of cash sold), associates and joint ventures	21	13
Purchases of property and equipment	-122	-108
Proceeds from sales of property and equipment	49	85
Purchases of intangible assets	-9	-10
Other changes	-0	-1
Cash flow from investing activities	**-7,004**	**-3,847**

continued >

(in millions)	First half 2014	First half 2013
Financing activities:		
Proceeds from the issuance of debt	20,961	22,710
Repayment of issued debt	-20,606	-27,831
Proceeds from subordinated liabilities issued		
Repayment of subordinated liabilities issued	-51	-1,497
Ageas settlement		
Preference shares settlement		-210
Dividends paid to the owners of the parent company	-200	-262
Repayment of capital (including minority interests)		-3
Cash flow from financing activities	**105**	**-7,093**
Net increase/(decrease) of cash and cash equivalents	**-2,912**	4,704
Cash and cash equivalents as at 1 January	15,319	14,091
Effect of exchange rate differences on cash and cash equivalents	22	-9
Cash and cash equivalents as at 30 June/31 December	**12,429**	**18,785**
Supplementary disclosure of operating cash flow information		
Interest paid	3,211	3,939
Interest received	5,834	6,204
Dividend received from investments	39	14

notes to the condensed consolidated interim financial statements

1 General information

The notes to the Condensed Consolidated Interim Financial Statements, including the reviewed tables in Risk management 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, commercial and merchant banking customers. These activities are 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 2014 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 21 August 2014.

Basis of presentation

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO's 2013 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies used in these Condensed Consolidated Interim Financial Statements are consistent with those set out in the notes to the 2013 Consolidated Annual Financial Statements of ABN AMRO, except for the changes in accounting policies described below.

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

Changes in accounting policies

IFRS 10, 11, 12 (Consolidation)

On 1 January 2014, ABN AMRO adopted the following standards:

- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interest in Other Enttities;
- Amendments to IFRS 10, 11 and 12 Transitional Guidance.

The aforementioned standards have been adopted in accordance with the transitional requirements as set out in the standards and endorsed by the EU.

Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. The application of IFRS 10, 11 and the amendments to IFRS 10, 11 and 12: Transitional Guidance, did not result in significant changes in ABN AMRO's consolidated financial statements.

IFRS 12 includes disclosure requirements for interests in and risks arising from subsidiaries, joint arrangements, associated and structured entities. The disclosures will be included in the Annual Financial Statements for the year ended 31 December 2014.

Other standards adopted

IAS 32 - The amendments to IAS 32 have clarified the offsetting requirements for financial assets and financial liabilities. ABN AMRO has concluded that the amendment has no significant impact on its offsetting policies.

IAS 39 - This amendment allows hedge accounting to continue in a situation where a derivative, designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations. The effective date is 1 January 2014. The amendment has no significant impact on ABN AMRO's results or financial position.

IFRIC 21 - In June 2014 the EU endorsed IFRIC 21 on levies. This IFRS interpretation applies to all government-related levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The interpretation has not had a significant impact on ABN AMRO's results or financial position.

New accounting standards and interpretations

The following new standards have been issued by the IASB, but are not yet effective for these 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

The IASB has finalised two phases of IFRS 9 in its work on the replacement of IAS 39 and has issued standards for classification and measurement of financial assets and liabilities as well as general hedge accounting. The IASB has tentatively decided that the mandatory effective date of IFRS 9 will be for annual periods beginning on 1 January 2018. ABN AMRO is currently assessing the impact on its financial statements.

Other standards

ABN AMRO is currently assessing the impact of the following standards or amendments on its financial position and disclosures:

- Amendments to IFRS 11;
- Amendments to IAS 16 and IAS 38;
- IFRS 15 Revenue from Contracts with Customers;
- Annual improvements 2010-2012;
- Annual improvements 2011-2013.

2 Segment reporting

The segment reporting is in accordance with IFRS 8 Operating Segments. Segments are reported in a manner consistent with the internal reporting provided to the Managing Board, which is responsible for allocating resources and assessing performance and has been identified as chief operating decision maker.

ABN AMRO is organised into Retail & Private Banking (R&PB), Commercial & Merchant Banking (C&MB) and Group Functions. For financial reporting purposes, based on the components of the business that management monitors in making decisions about operating matters, segment reporting is further refined as follows:

- Retail Banking;
- Private Banking;
- Commercial Banking;
- Merchant Banking;
- Group Functions.

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

Interest income is reported as net interest income, as management primarily relies on net interest income as a performance measure, not on gross income and expenses.

There is no revenue from transactions with a single external client or counterparty exceeding 10% of the bank's total revenue in 2014 or 2013.

Retail Banking

Retail Banking serves Mass Retail and Preferred Banking clients and offers a wide variety of banking and insurance products and services through ABN AMRO's branch network, online, via contact centres and through subsidiaries.

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 and local brands such as Banque Neuflize OBC in France and Bethmann Bank in Germany. The Private Banking segment includes the activities of the International Diamond & Jewelry Group (ID&JG).

Commercial Banking

Commercial Banking serves commercial clients with annual turnover up to EUR 500 million and clients in the public sector, commercial finance and leasing. Commercial Banking consists of two business lines: Business Banking and Corporate Clients.

Merchant Banking

Merchant Banking serves Netherlands-based corporates, financial institutions and real estate investors as well as international companies active in Energy, Commodities & Transportation (ECT). Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking (LC&MB) and Markets.

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 costs of Group Functions are allocated to the businesses. The results of Group Functions include the results of ALM/Treasury.

Segment information for the first half year 2014

Income statement

First half 2014

(in millions)	Retail & Private Banking: Retail Banking	Retail & Private Banking: Private Banking	Commercial & Merchant Banking: Commercial Banking	Commercial & Merchant Banking: Merchant Banking	Group Functions	Special items and divestments	Total
Net interest income	1,547	319	705	365	-63		2,873
Net fee and commission income	224	269	142	203	3		842
Net trading income	3	19	1	91	-4		109
Results from financial transactions		3	-5	-33	17		-17
Share of result in equity accounted investments	22	10	-0	-7	5		29
Other income	-7	-2	17	23	33		64
Operating income	**1,789**	**618**	**859**	**642**	**-8**		**3,900**
Personnel expenses	241	226	142	171	376	288	1,444
General and administrative expenses	167	119	33	79	670	134	1,201
Depreciation and amortisation of tangible and intangible assets	5	9	2	7	60		82
Intersegment revenues/ expenses	474	113	254	232	-1,074		
Operating expenses	**887**	**467**	**431**	**488**	**32**	**422**	**2,727**
Impairment charges on loans and other receivables	259	31	365	58	-10		703
Total expenses	**1,146**	**497**	**796**	**547**	**22**	**422**	**3,430**
Operating profit/(loss) before taxation	**643**	**120**	**63**	**95**	**-30**	**-422**	**470**
Income tax expenses	160	20	15	20	-22	-72	120
Underlying profit/(loss) for the period	**484**	**100**	**48**	**76**	**-8**		
Special items and divestments					-350	350	
Profit/(loss) for the period	**484**	**100**	**48**	**76**	**-358**		**351**
Attributable to:							
Owners of the company	484	100	48	77	-358		351
Non-controlling interests				-1			-1

Segment information for the first half year 2013

Income statement

							First half 2013
	Retail & Private Banking		Commercial & Merchant Banking		Group Functions	Special items and divestments	Total
(in millions)	Retail Banking	Private Banking	Commercial Banking	Merchant Banking			
Net interest income	1,460	282	677	333	-87		2,665
Net fee and commission income	229	267	133	199	1		829
Net trading income		16		124	-14	-122	4
Results from financial transactions		1		11	-28		-16
Share of result in equity accounted investments	19	6		6	6		37
Other income		9	14	2	57	-0	82
Operating income	**1,708**	**581**	**824**	**675**	**-65**	**-122**	**3,601**
Personnel expenses	243	224	150	160	385	37	1,199
General and administrative expenses	153	108	34	81	641	-0	1,017
Depreciation and amortisation of tangible and intangible assets	3	8	2	7	75		95
Intersegment revenues/ expenses	442	98	262	198	-1,000		
Operating expenses	**841**	**438**	**448**	**446**	**101**	**37**	**2,311**
Impairment charges on loans and other receivables	284	38	392	54	-3	-549	216
Total expenses	**1,125**	**476**	**840**	**500**	**98**	**-512**	**2,527**
Operating profit/(loss) before taxation	**583**	**105**	**-16**	**175**	**-163**	**391**	**1,074**
Income tax expenses	144	20	-5	44	-29	83	257
Underlying profit/(loss) for the period	**439**	**85**	**-11**	**131**	**-134**		
Special items and divestments				-109	416	-307	
Profit/(loss) for the period	**439**	**85**	**-11**	**22**	**282**		**817**
Attributable to:							
Owners of the company	439	85	-11	23	282		818
Non-controlling interests				-1			-1

An explanation of the numbers is provided in the Operating and financial review of this Interim Financial Report.

Retail Banking

Operating income was EUR 81 million higher than in 2013, due to an improvement in deposit margins and, to a lesser extent, to an increase in deposit volumes. The margin on mortgages increased as margins on new mortgages (also for interest period resets) rose above the average margin of the existing portfolio. Total expenses grew due to provisions for litigation and a higher allocation of IT costs resulting from the modernisation of the core IT systems and the improvement of processes for the coming years. Impairment charges decreased mainly as a result of lower loan impairments on mortgages.

Private Banking

Operating income increased by EUR 37 million, largely driven by both improved margins and higher volumes on savings. Operating expenses increased due to a higher allocation of IT costs for improvement of the core IT systems and processes in the coming years.

Commercial Banking

Operating income was EUR 35 million higher than in 2013, due to higher net interest income, driven by higher margins on deposits and loans and an increase in deposit volume and higher net fee and commission income from commitment fees. Total expenses decreased by EUR 44 million, due to lower personnel expenses (fewer FTEs) offset by a small restructuring provision in Business Banking and lower overhead costs. Impairment charges decreased mainly due to lower loan impairments on Business Banking.

Merchant Banking

Operating income decreased by EUR 33 million, mainly as a result of positive CVA/DVA results in 2013, lower trading income and lower Private Equity valuations in 2014. Net interest income increased mainly due to growth in the commercial loanbook at ECT. Total expenses increased by EUR 47 million. Personnel expenses rose due to more FTEs (mainly due to growth in ECT) and higher costs for foreign offices as well as a higher allocation of IT costs for improvement of the core IT systems and processes in the coming years.

Group Functions

Operating income improved by EUR 57 million. Net interest income grew due to the improved mismatch result and lower costs for external funding due to lower spread levels on new funding and allocation of liquidity buffer costs to the business segments. This was partly offset by a higher liquidity compensation to the business on saving products.

Special items and divestments

Personnel expenses increased by EUR 288 million (EUR 216 million after tax) due to the pension scheme changing from a Defined Benefit Plan to a Collective Defined Contribution (CDC) plan. General and administrative expenses increased due to the levy (two of the three installments) imposed by the government in relation to the costs of nationalising SNS Reaal in 2013 (EUR 134 million).

Selected statement of financial position

30 June 2014

(in millions)	Retail & Private Banking: Retail Banking	Retail & Private Banking: Private Banking	Commercial & Merchant Banking: Commercial Banking	Commercial & Merchant Banking: Merchant Banking	Group Functions	Total
Assets						
Financial assets held for trading		23	134	27,997	-110	28,044
Loans and receivables - customers	157,044	16,936	39,610	63,881	3,922	281,393
Total assets	**158,349**	**22,550**	**41,092**	**119,977**	**53,863**	**395,831**
Liabilities						
Financial liabilities held for trading		20		17,954		17,974
Due to customers	90,733	60,286	37,126	41,353	2,692	232,190
Total liabilities	**158,349**	**22,550**	**41,092**	**119,977**	**39,941**	**381,909**

31 December 2013

(in millions)	Retail & Private Banking: Retail Banking	Retail & Private Banking: Private Banking	Commercial & Merchant Banking: Commercial Banking	Commercial & Merchant Banking: Merchant Banking	Group Functions	Total
Assets						
Financial assets held for trading	38	159	136	23,644	-111	23,867
Loans and receivables - customers	157,755	16,926	40,153	49,407	3,905	268,147
Total assets	159,427	22,083	41,640	91,377	57,495	372,022
Liabilities						
Financial liabilities held for trading	38	128	1	14,080		14,248
Due to customers	87,515	59,751	37,871	27,456	3,050	215,643
Total liabilities	159,427	22,083	41,640	91,377	43,927	358,454

3 Acquisitions and divestments

(in millions)	First half 2014: Acquisitions	First half 2014: Divestments	First half 2013: Acquisitions	First half 2013: Divestments
Net assets acquired/Net assets divested	**85**	**-4**	33	-4
Cash used for acquisitions/received for divestments	**-85**	**21**	-33	13

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

4 Operating income

(in millions)	First half 2014	First half 2013
Net interest income	2,873	2,665
Net fee and commission income	842	829
Net trading income	109	4
Results from financial transactions	-17	-16
Share of result in equity accounted investments	29	37
Other income	64	82
Total operating income	**3,900**	**3,601**

Net interest income showed an increase of EUR 208 million or 8% to EUR 2,873 million. The improvement was predominantly driven by higher margins on deposits and -to a lesser extent- on commercial loans and new mortgage production. Volume growth in deposits and ECT loans also had a positive impact on the result. Mortgage volume continued to decline.

Net fee and commission income has been relatively constant and showed a slight increase due to higher fees at LC&MB.

Net trading income increased as the first half of 2013 recorded a loss for reassessment of discontinued securities financing activities (EUR 70 million) and costs of winding down non-client related equity derivatives activities (EUR 52 million).

Other income decreased mainly due to the sale of premises in the Netherlands in 2013.

5 Operating expenses

(in millions)	First half 2014	First half 2013
Personnel expenses	1,444	1,199
General and administrative expenses	1,201	1,017
Depreciation and amortisation of tangible and intangible assets	82	95
Total operating expenses	**2,727**	**2,311**

Total personnel expenses increased mainly due to the impact from the change in pension scheme. More information is provided in note 15.

The increase of EUR 184 million in general and administrative expenses was mainly caused by payment of two of the three instalments of the levy imposed by the government to contribute to the costs of nationalising SNS Reaal in 2013 (EUR 134 million) and by higher external staffing of EUR 64 million.

Total depreciation and amortisation decreased by EUR 13 million, mainly as a result of the decrease in the amortisation of purchased software.

Personnel expenses

(in millions)	First half 2014	First half 2013
Salaries and wages	826	829
Social security charges	122	115
Pension expenses relating to defined benefit plans	385	129
Defined contribution plan expenses	30	14
Other	82	112
Total personnel expenses	**1,444**	**1,199**

Pension expenses relating to defined benefit plans increased by EUR 288 million due to the effect of the pension scheme changing from a Defined Benefit Plan to a Collective Defined Contribution (CDC) plan. For more information, please refer to Note 15. The contribution to the employee benefit provision for 2014 is EUR 95 million (2013: EUR 106 million).

The defined contribution plan expenses increased only by EUR 16 million for the active period between 12 June and 30 June 2014 due to the change of pension scheme.

Other decreased by EUR 30 million mainly due to the additional restructuring provision for Commercial & Merchant Banking (EUR 38 million) in 2013.

6 Financial assets and liabilities held for trading

Financial assets held for trading

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

(in millions)	30 June 2014	31 December 2013
Trading securities:		
Government bonds	4,025	2,906
Corporate debt securities	2,016	873
Equity securities	5,439	6,471
Total trading securities	**11,480**	**10,250**
Derivatives held for trading:		
Over the counter (OTC)	13,585	11,702
Exchange traded	20	146
Total derivatives held for trading	**13,605**	**11,848**
Trading book loans	1,108	1,032
Commodities	1,851	737
Total assets held for trading	**28,044**	**23,867**

Financial assets held for trading increased mainly due to the growth of the Government Bonds (EUR 1,119 million) and Corporate Debt Securities (EUR 1,143 million) portfolios. Both portfolios showed a decrease at year-end 2013, influenced by seasonal patterns. In the first half year of 2014 Government Bonds grew due to increased client flow.

Corporate Debt Securities grew due to increase of volumes of trades and client portfolios.

Financial liabilities held for trading

(in millions)	30 June 2014	31 December 2013
Bonds	3,955	1,988
Equity securities	2,081	1,787
Total short security positions	**6,037**	**3,775**
Derivatives held for trading:		
Over the counter (OTC)	11,281	9,703
Exchange traded	20	146
Total derivatives held for trading	**11,300**	**9,849**
Other liabilities held for trading	637	624
Total liabilities held for trading	**17,974**	**14,248**

Financial liabilities held for trading increased mainly due to short positions in Bonds (EUR 1,967 million) and Equity securities (EUR 294 million). Short positions in Bonds are usually correlated to long positions in Government Bonds (depending on hedging strategy).

Over the counter derivatives increased due to lower interest rates.

7 Financial investments

Financial investments break down as follows:

(in millions)	30 June 2014	31 December 2013
Financial investments:		
Available-for-sale	35,699	27,596
Held at fair value through profit or loss	502	530
Total, gross	**36,201**	**28,126**
Less: Available-for-sale impairment allowance	22	15
Total financial investments	**36,179**	**28,111**

Financial investments available-for-sale

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

(in millions)	30 June 2014	31 December 2013
Interest-earning securities:		
Dutch government	6,018	5,666
US Treasury and US government	1,725	1,495
Other OECD government	18,935	13,449
Non OECD government	323	201
European Union	1,446	1,282
Mortgage and other asset-backed securities	3,484	3,544
Financial institutions	3,461	1,657
Non financial institutions	89	89
Subtotal	**35,481**	**27,383**
Equity instruments	218	213
Total investment available-for-sale	**35,699**	**27,596**

Most of these instruments are part of the liquidity buffer and are held for liquidity contingency purposes (also refer to liquidity and funding section of this interim financial report).

8 Loans and receivables – banks

(in millions)	30 June 2014	31 December 2013
Interest-bearing deposits	5,831	15,971
Loans and advances	9,042	7,621
Mandatory reserve deposits with central banks	226	221
Other	20	154
Subtotal	**15,120**	**23,967**
Professional securities transactions	14,919	7,267
Total	**30,038**	**31,234**
Less: loan impairment allowance	22	24
Loans and receivables - banks	**30,016**	**31,210**

Loans and receivables – banks decreased by EUR 1.2 billion, mainly as a result of lower volumes in the interest bearing deposits (EUR 10.1 billion) partly offset by an increase of EUR 7.7 billion in the professional securities transactions. Loans and advances increased by EUR 1.4 billion.

Interest bearing deposits decreased as a result of the termination of the Tender loans by the ECB. Loans and advances increased by EUR 1.4 billion mainly due to higher cash collateral positions in Markets.

The increase in professional securities transactions reflects a seasonal pattern.

The excess balance on the Mandatory reserve deposits with central banks is included in 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.

9 Loans and receivables – customers

(in millions)	30 June 2014	31 December 2013
Government and official institutions	1,308	768
Residential mortgages	150,040	150,493
Fair value adjustment from hedge accounting on residential mortgages	3,874	3,531
Consumer loans	15,985	16,241
Commercial loans	82,143	83,462
Fair value adjustment from hedge accounting on commercial loans	1,166	868
Financial lease receivables	3,216	3,184
Factoring	1,658	1,403
Other loans	3,578	2,053
Subtotal	**262,970**	**262,003**
Professional securities transactions	23,608	11,119
Total	**286,578**	**273,122**
Less: loan impairment allowance	5,185	4,975
Loans and receivables - customers	**281,393**	**268,147**

Loans and receivables – customers increased by EUR 13.2 billion mainly as a result of Professional securities transactions.

The increase in securities transactions by EUR 12.5 billion can be explained from market conditions and a seasonal pattern. Customers had reduced their balances at year-end 2013.

Commercial loans decreased by EUR 1.3 billion, mainly in the Commercial banking segment. Commercial loans in Clearing, ECT and Corporate Clients increased. The bulk of the loan book is generated in the Netherlands (86%), reflecting that the majority of ABN AMRO's business mix is located in the Netherlands.

The increase in other loans (EUR 1.5 billion) is related to higher cash collaterals for clients due to regulatory requirements. The increase in other loans took mainly place in the Merchant banking segment.

Details on loan impairment charges and allowances are provided in the Risk management section of this Interim Financial Report.

10 Due to banks

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

(in millions)	30 June 2014	31 December 2013
Deposits from banks:		
Demand deposits	2,850	2,769
Time deposits	3,771	5,013
Other deposits	3,808	3,795
Total deposits	**10,430**	**11,577**
Professional securities transactions	6,215	4,207
Other	68	49
Total due to banks	**16,713**	**15,833**

Due to banks increased by EUR 0.9 billion reflecting an EUR 2.0 billion increase in professional securities transactions and an EUR 1.2 billion decrease in time deposits.

The increase in professional securities transactions was primairily driven by an increase in client volumes.

The EUR 1.1 billion decrease in the deposits was related to lower volumes and matured contracts with different credit institutions. The decrease was mainly accountable to the Group Functions segment (EUR 0.9 billion).

11 Due to customers

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

(in millions)	30 June 2014	31 December 2013
Demand deposits	80,683	79,215
Saving deposits	89,951	87,448
Time deposits	17,515	19,638
Other deposits	20,794	20,936
Total deposits	**208,942**	**207,237**
Professional securities transactions	22,830	8,059
Other borrowings	418	347
Total due to customers	**232,190**	**215,643**

Due to customers increased by EUR 16.5 billion mainly as result of an increase in professional securities transactions by EUR 14.8 billion and in deposits by EUR 1.7 billion.

The increase in professional securities transactions is due to client activities. At year end 2013 many of our customers had reduced their positions.

Demand deposits increased partly due to a move from time deposits to demand deposits (short term).

Saving deposits were EUR 2.5 billion higher mainly in the Retail banking segment (EUR 2.1 billion) as a result of higher saving volumes. This is mainly accountable to vacation allowance payments received by many of our Dutch customers.

Time deposits decreased by EUR 2.1 billion, mainly in the Private Banking segment (EUR 1.3 billion) as a consequence of low interest rate and matured contracts.The decrease in time deposits for the Commercial and Merchant banking segment was EUR 0.8 billion.

12 Issued debt

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding as at 30 June 2014 and 31 December 2013 respectively.

(in millions)	30 June 2014	31 December 2013
Bonds and notes issued	72,007	70,649
Certificates of deposit and commercial paper	16,177	15,610
Saving certificates	279	352
Total at amortised cost	**88,464**	**86,611**
Designated at fair value through profit or loss	2,009	2,071
Total issued debt	**90,473**	**88,682**
Of which matures within one year	29,592	30,719

Total issued debt increased by EUR 1.8 billion. The main increase was due to bonds and notes issued (EUR 9.6 billion), partly offset by matured notes (EUR 8.5 billion) including Dutch state-guaranteed Medium-term notes (EUR 1.4 billion). The development in the Issued debt securities is a continuous process of redemption and new issued long-term and short-term funding.

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

For further details of the funding programmes, see the liquidity and funding section as included in the Interim Financial 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 0 million (December 2013: EUR -3 million).

13 Subordinated liabilities

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

The following table specifies the issued and outstanding subordinated liabilities.

(in millions)	30 June 2014	31 December 2013
Perpetual loans	1,270	1,303
Other subordinated liabilities	6,714	6,614
Total subordinated liabilities	**7,984**	**7,917**

Subordinated liabilities increased by EUR 67 million mainly due to hedging results losses on the fair value fluctuation of these subordinated liabilities (EUR 126 million) and FX losses (EUR 27 million), which were partly offset by the maturity of two loans (EUR 51 million) and interest accruals (EUR 33 million). The Capital management section provides more information on the regulatory capital position of ABN AMRO.

14 Provisions

The following table breaks down provisions as at 30 June 2014 and 30 June 2013 respectively.

(in millions)	30 June 2014	31 December 2013
Insurance fund liabilities	270	380
Provision for pension commitments	83	418
Restructuring	207	262
Other staff provision	172	174
Other	327	316
Total provisions	**1,058**	**1,550**

Insurance fund liabilities include insurance companies' actuarial reserves, premium and claims reserves. The expected total cash outflow for 2014 is approximately EUR 200 million.

For further details on the provision for pension commitments, please refer to Note 15.

Restructuring provisions cover the costs of restructuring plans for which implementation has been formally announced. These are related to the integration and further streamlining of the organisation and infrastructure and include allowances for staff and other operating expenses.

Other staff provisions relate to disability and other post-employee benefits in particular, excluding early retirement benefits payable to non-active employees, which are included in the provision for pensions commitments.

Other provisions consist mainly of provisions for litigation on tax and legal matters. These are based on best estimates available at period-end according to tax and legal advisors. The timing of the outflow of cash related to these provisions is uncertain by nature, given the unpredictability of the outcome and the time involved in completing litigation.

15 Pensions and other post-retirement employee benefits

ABN AMRO reached an agreement 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.

On 12 June 2014, ABN AMRO settled future obligations by paying a EUR 500 million pre-tax lump sum (EUR 375 million after tax) to the pension fund. ABN AMRO Pension Fund has not fully indexed pensions in recent years and decided to grant catch-up indexation. Parties have agreed that the bank will pay the pension fund a one-off contribution of EUR 200 million (EUR 150 million after tax).

The new Dutch CDC plan has an effective date of 12 June 2014 and is a defined contribution plan based on an average salary plan. The normal retirement age is set at 67 years. The contribution payable by pension fund participants will be lowered from 6.67% to 5.5% as from 2015. Under the new plan the annual pension contributions are calculated according to a fixed contribution calculation mechanism. The annual pension contribution is maximised at 35% of the pensionable salary.

ABN AMRO is released from all financial obligations arising out of the Dutch pension plan. Under IAS 19, this plan will no longer be accounted for as a Dutch defined benefit plan. Consequently, the Dutch pension plan is removed from the balance sheet of ABN AMRO.

At settlement date, the net defined benefit liability of the Dutch defined benefit plan amounted to EUR 449 million. The table following presents the defined benefit obligation and plan assets for the Dutch pension plan.

(in millions)	At settlement date 2014
Defined benefits obligation	19,844
Plan assets	19,395
Net defined benefits liabilities/(assets) Dutch defined benefit plan	**449**

This net defined benefit liability of EUR 449 million (EUR 337 million after tax) was released to profit or loss on the settlement date. Furthermore, the settlement payment of EUR 500 million (EUR 375 million after tax), and the EUR 200 million (EUR 150 million after tax) one-off contribution for catch-up indexation is recognised in profit or loss at the settlement date. For 2014, the cash contribution to the pension fund is based on the calculation mechanism of the defined benefit pension plan applicable until 12 June 2014. The difference with the contribution based on the new defined contribution calculation mechanism amounting to EUR 37 million (EUR 28 million after tax) is recognised as an additional settlement payment in the profit or loss.

The table following presents the total impact of the settlement of the Dutch pension plan on the income statement.

(in millions)	At settlement date 2014
Release of the net defined benefit liabilities	-449
Settlement payment	500
Contribution 2014 above defined contribution calculation	37
Contribution for the catch-up indexation	200
Losses/(gains) on settlement	**288**

Following the settlement, the remeasurements previously recognised in other comprehensive income relating to the Dutch pension plan amounting to EUR 4,808 million (EUR 3,606 million after tax) are transferred to Other reserves.

The remaining net defined benefit liabilities/(assets) balance consist of VUT, pensioners with a profit share, the indexation of benefits insured at an insurance company and several small defined benefit plans outside the Netherlands.

The movement in the net defined benefit liabilities/(assets) during the first half of 2014 was as follows:

(in millions)	First half 2014
Net defined benefit liabilities/(assets) as per 1 January in the Netherlands	**369**
Pension expenses	95
Remeasurements (gains) losses recognised in Other comprehensive income	187
Contributions	-169
Net defined benefit liabilities/(assets) in Netherlands before settlement	**482**
Settlement	-449
Net defined benefit liabilities/(assets) as per 30 June in the Netherlands	**33**
Defined benefits schemes in other countries	53
Total Net defined benefits liabilities/(assets) as per 30 June in the Netherlands	**86**

The movement in the net defined benefit liabilities/(assets) during the first half year was as follows:

(in millions)	First half 2013
Net defined benefit liabilities/(assets) as per 1 January	**560**
Pension expenses	129
Remeasurements (gains) losses recognised in Other comprehensive income	-80
Contributions	-466
Other	22
Total Net defined benefits liabilities/(assets) as per 30 June	**165**

The movement of remeasurements recognised in other comprehensive income during the first half of 2014 was as follows:

(in millions)	First half 2014	First half 2013
Remeasurement gains/(losses) on post-retirement benefit plans 1 January	**-3,502**	**-3,284**
Net remeasurement gains/(losses) on post-retirement benefits plans	-187	80
Related income tax	47	-19
Transfer to other reserves	3,606	
Remeasurement gains/(losses) on post-retirement benefit plans 30 June	**-37**	**-3,223**

The breakdown of the pension expense during the first half of 2014 was as follows:

(in millions)	First half 2014	First half 2013
Pension expenses for the Dutch defined benefits plan	95	125
Losses on settlement	288	
Pension expenses for Dutch defined contribution plan	14	
Pension expenses for other defined benefits plan (excl. Dutch pension plan)	2	4
Pension expenses for other defined contribution plan (excl. Dutch pension plan)	16	14
Total Pension expenses	**415**	**143**

In the statement of financial position, the line item Accrued expenses and deferred income includes an annual accrual of EUR 0.3 million for annual services rendered by the ABN AMRO pension fund with respect to the administration of pension rights and execution of payments under the pension plan. ABN AMRO is required to pay EUR 500 million under certain conditions in the event that the Execution Agreement with the pension fund is terminated. The annual accrual is based on the expected term of the contract of 64 years, being the life expectancy of a 25 year-old according to current survivor tables.

An external audit on the figures provided by the pension fund is planned in the second half of 2014.

16 Professional securities transactions

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

An explanation of the numbers is provided in Notes 8, 9, 10 and 11.

	30 June 2014		31 December 2013	
(in millions)	Banks	Customers	Banks	Customers
Assets				
Reverse repurchase agreements	6,980	13,704	2,374	3,558
Securities borrowing transactions	7,083	7,629	4,594	5,710
Unsettled securities transactions	855	2,274	299	1,851
Total	**14,919**	**23,608**	**7,267**	**11,119**
Liabilities				
Repurchase agreements	3,589	19,778	3,032	5,500
Securities lending transactions	1,291	2,138	779	1,690
Unsettled securities transactions	1,335	913	396	869
Total	**6,215**	**22,830**	**4,207**	**8,059**

17 Commitments and contingent liabilities

(in millions)	30 June 2014	31 December 2013
Committed credit facilities	15,618	13,764
Guarantees and other commitments:		
Guarantees granted	3,580	3,534
Irrevocable letters of credit	5,457	5,415
Recourse risks arising from discounted bills	7,097	7,154
Total guarantees and other commitments	**16,134**	**16,103**
Total	**31,752**	**29,867**

Other contingencies

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in a number of jurisdictions. In presenting the condensed consolidated interim financial information, management makes estimates regarding the outcome of legal, regulatory and arbitration matters, and takes a charge to income when losses with respect to such matters are probable. Charges, other than those taken periodically for 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 38 of the 2013 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 38 of the 2013 Annual Financial Statements, ABN AMRO was subject to two demergers, one in 2008 with New HBU II N.V. and one in 2010 with RBS N.V. In the first half of 2014, the contingent liability related to New HBU II N.V. decreased to EUR 62 million (31 December 2013: EUR 98 million) while the contingent liability related to RBS N.V. remained unchanged at EUR 950 million.

18 Fair value of financial instruments

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.

Portfolios of financial assets and liabilities exposed to market and credit risk and managed on the net exposure to either market or credit risk are measured on the basis of the price that would be received when selling out of a net long position or paid when settling a net short position for a particular risk exposure.

The internal controls of fair value valuation and the valuation techniques used are consistent with those set out in the notes to ABN AMRO's 2013 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)	Carrying value	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value
					30 June 2014
Assets					
Financial assets held for trading	28,044	13,351	14,693		28,044
Of which Government bonds and Corporate debt securities	6,041	6,041			6,041
Of which Equity securities	5,439	5,439			5,439
Of which Derivatives held for trading	13,605	20	13,585		13,605
Of which Other financial assets held for trading	2,959	1,851	1,108		2,959
Available-for-sale interest earning securities	35,541	31,679	2,563	1,239	35,481
Available-for-sale equities	137	85	21	91	197
Financial investments designated at fair value through profit or loss	502	384		118	502
Derivatives not held for trading			4,352	68	4,419
Unit-linked investments	2,323	1,697	626		2,323
Total financial assets	**66,545**	**47,195**	**22,254**	**1,516**	**70,965**
Liabilities					
Financial liabilities held for trading	17,974	6,056	11,918		17,974
Of which Bonds	3,955	3,955			3,955
Of which Equity securities	2,081	2,081			2,081
Of which Derivatives held for trading	11,300	20	11,281		11,300
Of which Other financial liabilities held for trading	637		637		637
Issued debt	2,009		2,009		2,009
Derivatives not held for trading	9,618		9,554	64	9,618
Unit-linked for policyholders	2,322	1,697	626		2,322
Total financial liabilities	**31,924**	**7,753**	**24,107**	**64**	**31,924**

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. Valuation techniques based on observable inputs mainly comprise of OTC derivatives.

(in millions)	Carrying value	Quoted market prices in active markets[1]	Valuation techniques -observable inputs[1]	Valuation techniques -significant unobservable inputs	Total fair value
					31 December 2013
Assets					
Financial assets held for trading	23,867	11,133	12,734		23,867
Of which Government bonds and Corporate debt securities	3,779	3,779			3,779
Of which Equity securities	6,471	6,471			6,471
Of which Derivatives held for trading	11,848	146	11,702		11,848
Of which Other financial assets held for trading	1,769	737	1,032		1,769
Available-for-sale interest earning securities	27,444	25,734	586	1,063	27,383
Available-for-sale equities	137	119	17	62	198
Financial investments designated at fair value through profit or loss	530	409		121	530
Derivatives not held for trading			2,348	75	2,423
Unit-linked investments	2,171	1,557	614		2,171
Total financial assets	**54,149**	**38,952**	**16,299**	**1,321**	**56,572**
Liabilities					
Financial liabilities held for trading	14,248	3,921	10,327		14,248
Of which Bonds	1,988	1,988			1,988
Of which Equity securities	1,787	1,787			1,787
Of which Derivatives held for trading	9,849	146	9,703		9,849
Of which Other financial liabilities held for trading	624		624		624
Issued debt	2,071		2,071		2,071
Derivatives not held for trading	7,378		7,305	73	7,378
Unit-linked for policyholders	2,171	1,557	614		2,171
Total financial liabilities	**25,868**	**5,478**	**20,317**	**73**	**25,868**

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

Transfers between levels 1 and 2

During the first half year of 2014 there were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 into level 3

During 2014 the interest earning securities were reassessed and consequently an amount of EUR 239 million was transferred from level 2 to level 3.

Movements in level 3 financial instruments measured at fair value

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

	2014				2013			
	Assets			Liabilities	Assets			Liabilities
(in millions)	Financial investments available for sale	Financial investments designated at fair value through profit or loss	Derivatives not held for trading	Derivatives not held for trading	Financial investments available for sale	Financial investments designated at fair value through profit or loss	Derivatives not held for trading	Derivatives not held for trading
Opening balance	**1,125**	**121**	**75**	**73**	**1,078**	**134**	**103**	**100**
Purchases	2	42			6	21		
Sales		-7				-7		
Redemptions	-70				-8			
Gains/(losses) recorded in profit and loss[1]								
Unrealised gains/(losses)	9	-22	1	30	26	-27	-28	-27
Other movements[2]	239	-15	-8	-39	23			
Closing balance	**1,330**	**118**	**68**	**64**	**1,125**	**121**	**75**	**73**

1. Included in Results from financial transactions. All assets were held at balance sheet date.
2. During 2014 the interest earning securities were reassessed and consequently an amount of EUR 239 million was transferred from level 2 to level 3.

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 2014 and 31 December 2013, 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	Main assumptions	Carrying value	Reasonably possible alternative assumptions: Increase in fair value	Reasonably possible alternative assumptions: Decrease in fair value
30 June 2014					
Equity shares	Private equity-valuation	EBITDA multiples	209	17	-17
Interest earning securities	Discounted cash flow	Interest curve	1,239	31	-31
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Interest curve	4	4	-4
31 December 2013					
Equity shares	Private equity-valuation	EBITDA multiples	183	21	-21
Interest earning securities	Discounted cash flow	Interest curve	1,063	34	-34
Derivatives not held for trading - assets/liabilities (net)	Discounted cash flow	Interest curve	2	2	-2

Equities designated at fair value through income

Equities designated at fair value through profit and loss classified as level 3 mainly comprise private equity investments. In general, private equity investments cannot be valued directly from quoted market prices or by using valuation techniques supported by observable market prices or other market data. The fair value is determined using a valuation technique applied in accordance with the European Private Equity and Venture Capitalist Association (EVCA) guidelines.

The EBITDA multiples, the main assumption for calculation of the fair value, had a range between 5.5 and 9.8 at 30 June 2014 (31 December 2013: 5.0 and 10.0).

The fair value of the private equity investments is calculated by using company-specific data and (listed) peer company data. As a consequence the fair value calculation of an investment is strongly linked with movements on the public (share) markets. In general, if the public markets on average go up by 10% this would have a positive effect on the fair value of the private equity investments of EUR 17 million. The opposite is also true if the public markets go down by 10% this would also have a negative fair value impact of EUR 17 million.

Interest earning securities and derivatives not held for trading

Fair value for non-listed RMBS notes is determined using a discounted cash flow methodology. The expected cash flows on the notes are discounted using an appropriate interest curve, to which a discount spread is added which is derived from RMBS transactions of similar credit risk and maturity.

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.

Financial assets and liabilities not carried at fair value

The methods and significant assumptions applied to estimate the fair values of financial instruments carried at amortised cost are described in note 39 of the Annual Financial Statements 2013.

The estimated fair value of financial assets and liabilities recorded at amortised cost have not materially changed in relation to the figures as published in note 39 of the Annual Financial Statements 2013.

19 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. ABN AMRO has applied the partial exemption for government-related entities pursuant to IAS 24 paragraphs 25-27.

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

Balances with joint ventures and associates

	30 June 2014				31 December 2013			
(in millions)	Joint ventures	Associates	Other[1]	Total	Joint ventures	Associates	Other[1]	Total
Assets	23	388		411	13	372		385
Liabilities	127	2,326	33	2,486	178	2,156	357	2,691
Irrevocable facilities	2	61		63		22		22
	First half 2014				First half 2013			
Income received	16	24		40	17	24		41
Expenses paid	8	4	383	395		2	125	127

1. The column Other includes the transactions related to the pension funds. For more information about the settlement of the pension plan, please refer to Note 15.

Balances with the Dutch State [1]

(in millions)	30 June 2014	31 December 2013
Assets:		
Financial assets held for trading	1,138	1,262
Financial investments - available for sale	6,018	5,666
Loans and receivables - customers	907	377
Other assets	25	30
Liabilities:		
Due to customers[2]	1,933	2,247
Subordinated loans[2]	1,654	1,654
	First half 2014	First half 2013
Income statement:		
Interest income	72	87
Interest expense	83	37
Net trading income		42
Net fee and commission income	-13	-13

1. Excluding balances related to tax positions
2. 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.

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

RBS is still the legal owner of specific Consortium shared assets and liabilities. This means that these assets and liabilities are for the risk and reward of RBS, Santander and the Dutch State as 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. ABN AMRO has assessed the risk for this shortfall and considers the risk to be remote.

As stated in note 38 of the Annual Financial Statements 2013, ABN AMRO took over the cross-liability exposure for NEW HBU II N.V. on Royal Bank of Scotland N.V. for a period of five years. ABN AMRO received an indemnity from the Dutch State for this exposure.

Financial investments – available for sale increased mainly as result of acquisition and sale transactions aiming to optimize the Dutch government bonds portfolio.

Loans and receivables – customers has higher balance due to a collateral swing as a result of the Dutch State mandate, allowing the bank to borrow up to EUR 1 billion on a daily basis.

Due to customers decreased, due to a redemption of EUR 200 million of a loan the Dutch State acquired from Ageas on 3 October 2008.

20 Post balance sheet events

There have been no significant events between half year 2014 and the date of approval of these accounts which would require a change to or disclosure in the accounts.

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 of ABN AMRO Group N.V., Amsterdam, included on pages 66 up to 102, which comprises the condensed consolidated statement of financial position as at 30 June 2014, the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2014, 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 condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2014 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, 21 August 2014

D. Korf RA

other

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Investor call

Gerrit Zalm, CEO, Kees van Dijkhuizen, CFO, and Wietze Reehoorn, CRO, will host a conference call for analysts and investors at 14:00 CET (13:00 UK time) on Friday 22 August 2014.

To participate in the conference call, please refer to the investor relations website (www.abnamro.com/ir) for dial-in information. No pre-registration is required. The investor presentation, as published on our site, will be used during the call. The audio replay is expected to be available after a few business days.

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

Disclaimer & cautionary statements

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

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

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

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