

Interim Report & Quarterly Report

Second quarter 2020

About this report

Introduction

This Quarterly Report presents ABN AMRO's results for the second quarter of 2020, the interim report for 2020 and the Condensed consolidated Interim Financial Statements for 2020. The report provides a quarterly business and financial review as well as risk, funding, liquidity and capital disclosures.

Presentation of information

The Condensed consolidated Interim Financial Statements in this report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and have been reviewed by our external auditor. Some disclosures in the Risk, funding & capital information section of this report are part of the Condensed consolidated Interim Financial Statements and are labelled as 'reviewed' in the respective tables or headings.

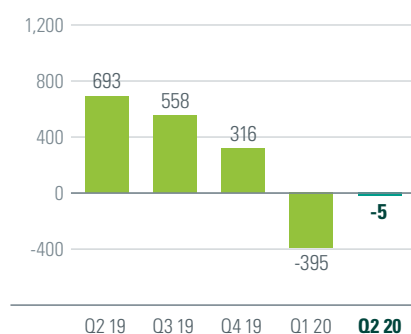
This report is presented in euros (EUR), which is ABN AMRO's functional and presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe these month-end averages present trends that are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

To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, an investor presentation and a factsheet regarding the second-quarter 2020 results.

Figures at a glance

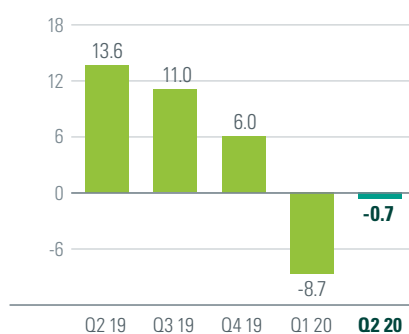
Net profit/(loss)

(in millions)



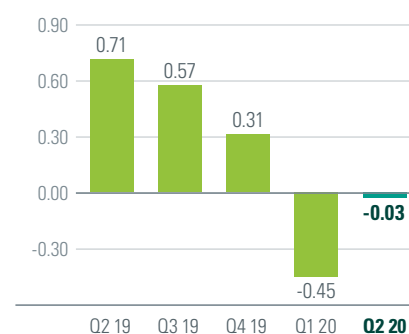
Return on equity^{1,2}

Target range is 10-13 (in %)



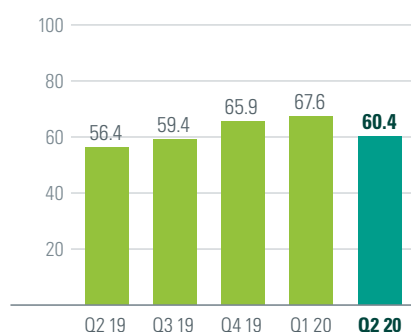
Earnings per share³

(in EUR)



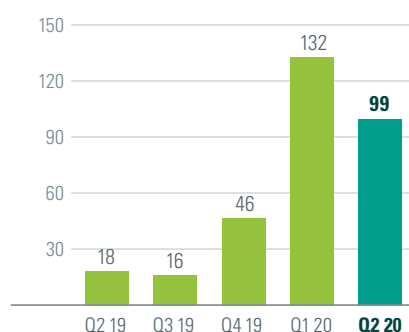
Cost/income ratio

Target range is 56-58 (in %)



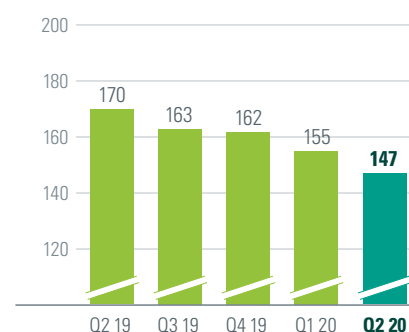
Cost of risk^{1,4}

(in bps)



Net interest margin

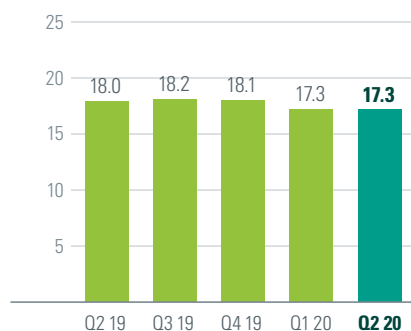
(in bps)



CET1 ratio⁵

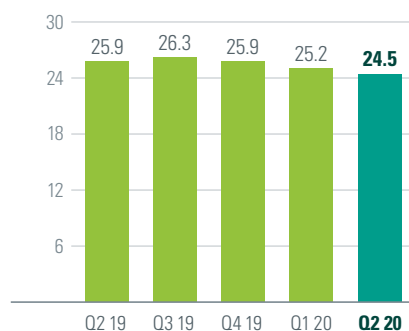
(end-of-period, in %)

Target range is 17.5-18.5 (in %)



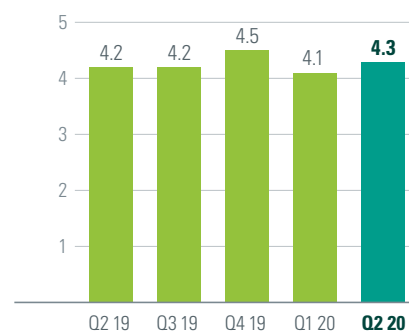
Total capital ratio

(end-of-period, in %)



Leverage ratio (CDR)⁵

(end-of-period, in %)



¹ Calculation based on annualised figures.

² Annualised profit/(loss) for the period, excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.

³ Profit/(loss) for the period, excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.

⁴ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

⁵ In Q4, the full-year profit/(loss) attributable to owners of the parent company, excluding AT1 capital securities, is added to CET1 capital after deduction of the proposed 62% full-year dividend payout. In the other quarters, only interim losses attributable to owners of the parent company, excluding AT1 capital securities, are included in CET1 capital.

Message from the CEO

When I started as CEO of ABN AMRO, I set four priorities: navigate the bank through the Covid-19 crisis, focus on our licence to operate, review the strategy and further enhance the bank's culture. In the first three months in my new role we made progress in all areas and we are now announcing the outcome of the CIB review.

The impact of Covid-19 on the economy remains highly uncertain. The soft lockdown in the Netherlands was less severe and shorter than in many countries and we saw economic activity recover at the end of the second quarter. Covid-19 continues to affect our lives, and the well-being of our clients and staff remains our main focus. Hence, we continue to engage in close dialogue with our clients on how we can support them in addition to the measures we announced in the first quarter. We have set up a website for SME clients providing relevant information and easy solutions on how to do business in a Covid-19 world, including tools for digital payments and drafting liquidity plans. Our business segments' NPS scores improved this past quarter, reflecting clients' appreciation of our digital strength and trusted relationships in these challenging times. Covid-19 has opened up opportunities for accelerating digitalisation and triggered a new way of working, which we will incorporate into our daily work going forward.

Covid-19 had a significant impact on our financial performance in Q2 and we are reporting a net result of EUR 5 million negative, around breakeven, for the second quarter. Operational performance was good. Net interest income continues to be impacted by pressure on deposit margins, although this was partly mitigated by charging negative interest rates to clients with deposits above EUR 2.5 million. Costs were lower, benefiting from continued cost management. We remain on track to achieve a cost level of around EUR 5.1 billion for 2020, excluding provisions for the CIB review. Impairments were high again (EUR 703 million), partly due to an exceptional client file, which is disappointing. The rest of the impairments related largely to Covid-19 and oil prices. Based on our latest assumptions, impairments in the second half of the year are expected to be lower and full-year impairments are expected to be around EUR 3 billion, more than

offsetting our resilient operating performance in 2020. Execution of the CIB review will lower our risk positions and contribute to our moderate risk profile.

The resulting return on equity was a disappointing -0.7% and the cost/income ratio was 60.4%. We entered the Covid-19 crisis with a strong financial position and the Q2 Basel III CET1 ratio was 17.3%, while the Basel IV CET1 ratio was around 14%, comfortably above the regulatory minimum requirement. The CET1 capital ratio of 17.3% excludes the reservation for the 2019 final dividend. We are committed to resuming dividends and returning excess capital over time, when conditions allow. We will follow the ECB's recommendation and not distribute capital (including the final dividend for 2019) until 2021 at the earliest. Capital distribution will be conditional on a reassessment at that time.

Compliance, including the fight against money laundering, and risk management are key to our licence to operate. We are progressing on our remediation programmes. All AML activities are now centralised and over 3,000 FTEs are currently fully committed to these activities. In this past quarter we expanded and enhanced digital identity verification and onboarding procedures for all our clients, and we see further efficiency opportunities from automation. The investigation into AML activities is ongoing and we continue to cooperate fully.

We are making good progress on the strategy review. Our purpose, 'Banking for better, for generations to come' guides us in delivering on our strategy. We will serve clients in segments where we can achieve scale and will focus on the Netherlands and Northwest Europe, where we will invest and grow. Our clients' clear appreciation of our services in these challenging times supports our ambition to be the best Dutch bank, working together closely across all business lines. These strategic principles will lead us in making clear choices, enabling us to deliver on our financial ambitions and moderate risk profile. From a position of capital strength, we are committed to strong returns, strict capital allocation discipline and attractive distributions for shareholders. The outcome of the strategy review will be announced in November.

In line with the abovementioned strategic principles, we have concluded that to be successful, CIB's activities need more focus and scale. Furthermore, CIB will need to reduce risk to adhere to a moderate risk profile and will align to the bank's overall strategy and financial and non-financial ambitions, working together closely with other segments in serving clients.

Hence, our focus will be on clients in Northwest Europe and Clearing, and we will exit all non-European corporate banking activities, except for Clearing. Consequently, the corporate banking presence in the United States, Asia, Australia and Brazil will be wound down. The Trade & Commodity Finance activities will be exited, and in Natural Resources and Transportation & Logistics we will focus on European clients only. Stricter lending criteria and credit limits have been set based on the client's individual credit rating, available collateral and geography of origin. Clearing has taken several de-risking measures in the past months following a large loss incurred earlier this year.

CIB will be split into core and non-core. CIB core will align to the bank's financial and non-financial ambitions over time, including those relating to sustainability and profitability. CIB core's pro forma ROE over FY 2019 and H1 2020 were 9% and -12% respectively. CIB core's long-term ROE ambition remains 10%, even though short-term profitability will remain below this level due to Covid-19. CIB non-core will be managed separately. It currently includes around 45% of the volume of CIB's client loans, representing approximately 35% of CIB's

RWA and over 10% of total RWA. Around 800 FTEs are currently dedicated to non-core activities. The wind-down process, which is subject to regulatory approval, is expected to take 3 to 4 years and to be capital accretive. More details, including the impact of the CIB review on the bank, will be part of the strategy review.

The response of my colleagues in supporting clients makes me, as the CEO, proud. I place great value on fostering a culture within the bank in which everyone feels respected and valued and is empowered by the right tools, learning opportunities and culture. To deliver on our promises, we are setting clear, actionable targets throughout the organisation and fostering a culture of accountability. I am very pleased to welcome Gerard Penning as ABN AMRO's new Chief Human Resources Officer to my team to assist me with this.

At the same time, I am very much aware that a group of employees will go through uncertain times. Our colleagues are central to serving our clients and fulfilling the bank's strategy, and I would like to thank them for their continued dedication in these challenging times. Lastly, I look forward to updating you on our strategy review in November, which will entail clear choices, while also addressing operational efficiency, financial targets and capital.

Robert Swaak

CEO of ABN AMRO Bank N.V.

CIB review

At the FY 2019 results, we announced a review of Corporate & Institutional Banking's (CIB) activities. We conducted the review in order to improve long-term profitability and align the risk profile of parts of CIB with that of the bank. The CIB review is an important short-term priority and reflects the strategic principles underpinning the bank-wide strategy review.

In the past, the bank aimed to generate 20-25% of group income from international activities. As a result, CIB grew both its Dutch and its global businesses. Over the years, CIB has been unable to generate the required profitability at an acceptable risk level. The measures taken from mid-2018 onwards to reduce RWAs, de-risk highly cyclical sectors and reduce CIB's cost base were unfortunately insufficient. The results were further impacted by recent volatility and a downturn in certain markets. Hence, a thorough review was conducted.

In line with the principles used for the strategy review, we have concluded that to be successful, focus and scale are needed. Therefore, going forward, CIB will only be active in markets where it has scale and can be sufficiently profitable and will align its footprint with the rest of the bank. Furthermore, CIB will reduce risk to adhere to a moderate risk profile and will align to the bank's overall strategy and financial and non-financial ambitions.

Focus on Northwest Europe

CIB will focus on Northwest Europe and Clearing. It will build on its profitable domestic franchise and existing European footprint with strong links with the Netherlands. CIB's Northwest European activities are profitable and are a logical fit with the footprint and activities of Commercial Banking and Private Banking. Clearing has strong roots in the Netherlands, offers diversification of income and is countercyclical.

We will exit all non-European corporate banking activities, except for Clearing. Consequently, the corporate banking presence in the United States, Asia, Australia and Brazil will be wound down. Clearing will retain its global presence.

De-risk to adhere to moderate risk profile

CIB will further reduce risk in cyclical and global sectors. The Trade & Commodity Finance activities will be exited. In Natural Resources and in Transportation & Logistics, we will focus on European clients only. To adhere to a moderate risk profile, stricter lending criteria and credit limits have been set based on the client's individual credit rating, available collateral and geography of origin. Clearing has taken several de-risking measures in the past months following a large loss incurred earlier this year.

Align to bank-wide strategy

CIB's activities will be split into core and non-core. CIB core will align to the bank's financial and non-financial ambitions over time, including those relating to sustainability and profitability. We have a strong foothold in the Netherlands as a full-service bank across existing clients and sectors. In NW-Europe we focus on mid-sized clients in current sectors of strength (such as Financial Institutions, Shipping, TMT and Real Estate) where there is scope to pursue modest growth, leveraging the Dutch product suite (lending, Markets' products, payments, asset-based finance). We will also focus on transition themes (energy, mobility and digital transition). The Markets activities within CIB (equities, rates, credit, currencies, ECM, DCM) have been materially slimmed down over the years, and serve clients in Private Banking, Commercial Banking, CIB and Treasury. Amsterdam will remain the main hub for CIB core.

CIB core's pro forma ROEs for FY 2019 and H1 2020 were 9% and -12% respectively. CIB core's long-term ROE ambition remains 10%, even though short-term profitability will remain below this level due to Covid-19. The historical cost of risk of the core activities is materially lower and less volatile compared with CIB as a whole.

Financial impact

CIB non-core will be managed separately. It currently includes around EUR 18 billion in client loans (around 45% of the volume of CIB's client loans), representing around EUR 14 billion of RWA, equalling approximately 35% of CIB's RWA and over 10% of total RWA. Around 80% of the CIB non-core portfolio will mature by 2023 (natural

run-off). Options to accelerate the wind-down process will be explored with the aim of maximising the value of the assets and minimising disruption for clients and staff. Around 800 FTEs are currently dedicated to the activities being non-core. We intend to conclude the wind-down, which is subject to regulatory approval, in 3 to 4 years.

The total loan impairment allowance for the CIB non-core portfolio is currently EUR 1.4 billion. Additional impairments are expected while winding down the portfolio, of which approximately EUR 400 million is included in the revised impairment guidance for 2020 of around EUR 3 billion.

We expect to book a provision of approximately EUR 200 million for staff-related costs and an impairment of deferred tax assets in the range of EUR 80-120 million in Q3 2020. The wind-down of non-core assets is expected to be capital accretive, and capital freed up will be managed at bank level.

More details, including the impact of the CIB review on the bank, will be part of the strategy review to be presented in November.

(in millions)	First half 2020 ¹		
	Core (pro forma)	Non-core (pro forma)	Total Corporate & Institutional Banking
Operating income	613	235	849
Operating expenses	390	158	549
Operating result	223	77	300
Impairment charges on financial instruments	539	855	1,395
Income tax expense	-107	-93	-200
Profit/(loss) for the period	-209	-685	-894
	30 June 2020 ¹		
Loans and advances customers (end of period, in billions)	39	17	57
- of which Client loans (end of period, in billions) ²	23	18	41
Risk-weighted assets (end of period, in billions)	25	14	39
Return on equity ³	-12%	-68%	-32%
Cost of risk (in bps) ⁴	249	722	392

¹ Pro forma figures subject to final allocation between core and non-core and further review.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

³ Return on equity based on net profit excluding minority interest. Equity based on Basel III risk weighted assets multiplied by 13.75%.

⁴ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

(in millions)	2019 ¹		
	Core (pro forma)	Non-core (pro forma)	Total Corporate & Institutional Banking
Operating income	1,271	595	1,866
Operating expenses	799	298	1,097
Operating result	471	297	768
Impairment charges on financial instruments	101	275	376
Income tax expense	91	10	101
Profit/(loss) for the period	280	11	291
	31 December 2019 ¹		
Loans and advances customers (end of period, in billions)	36	19	55
- of which Client loans (end of period, in billions) ²	22	20	41
Risk-weighted assets (end of period, in billions)	23	15	38
Return on equity ³	9%	1%	6%
Cost of risk (in bps) ⁴	26	136	62

¹ Pro forma figures subject to final allocation between core and non-core and further review.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

³ Return on equity based on net profit excluding minority interest. Equity based on Basel III risk weighted assets multiplied by 13.5%.

⁴ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

Financial review

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

Results

Financial highlights

- ▶ As Q2 2020 results continued to be marked by the impact of Covid-19, our net result was around breakeven, mainly due to high impairment charges.
- ▶ Net interest income amounted to EUR 1,514 million (Q2 2019: EUR 1,681 million). Excluding the negative impact of incidentals, net interest income declined further, mainly as a result of continued pressure on deposit margins and slightly lower average loan volumes and margins. The decline was partly compensated by charging negative interest rates to clients with deposits above EUR 2.5 million.
- ▶ Operating expenses excluding incidentals and divestments were slightly higher as the upscaling of AML activities was partly offset by continued execution of cost-saving programmes.
- ▶ Impairment charges totalled EUR 703 million, mainly reflecting stage 3 impairments at CIB (mostly in the oil & gas sector), a potential fraud case in Germany and the deteriorated economic outlook.
- ▶ Strong liquidity position, with a sizeable buffer to meet liquidity needs.
- ▶ Capital position remains robust, with the CET1 ratio at 17.3% under Basel III and around 14% under Basel IV.

Operating results

(in millions)	Q2 2020	Q2 2019	Change	Q1 2020	Change	First half 2020	First half 2019	Change
Net interest income	1,514	1,681	-10%	1,527	-1%	3,041	3,254	-7%
Net fee and commission income	375	413	-9%	438	-15%	813	827	-2%
Other operating income	96	228	-58%	-41		55	322	-83%
Operating income	1,985	2,321	-15%	1,924	3%	3,909	4,403	-11%
Personnel expenses	528	555	-5%	531		1,059	1,122	-6%
Other expenses	670	755	-11%	770	-13%	1,440	1,515	-5%
Operating expenses	1,198	1,310	-8%	1,300	-8%	2,499	2,636	-5%
Operating result	786	1,012	-22%	624	26%	1,410	1,766	-20%
Impairment charges on financial instruments	703	129		1,111	-37%	1,814	231	
Profit/(loss) before taxation	83	883	-91%	-487		-404	1,535	
Income tax expense	88	190	-54%	-92		-4	363	
Profit/(loss) for the period	-5	693		-395	99%	-400	1,172	
Attributable to:								
Owners of the parent company	-5	693		-395	99%	-400	1,172	
Other indicators								
Net interest margin (NIM) (in bps)	147	170		155		151	165	
Cost/income ratio	60.4%	56.4%		67.6%		63.9%	59.9%	
Cost of risk (in bps) ¹	99	18		132		116	17	
Return on average Equity ²	-0.7%	13.6%		-8.7%		-4.7%	11.4%	
Dividend per share ³						0.00	0.60	
Earnings per share (in EUR) ^{4,5}	-0.03	0.71		-0.45		-0.48	1.19	
Client Assets (end of period, in billions)	280.5	309.2		265.7				
Risk-weighted assets (end of period, in billions)	112.1	106.6		111.7				
Employee FTEs (end of period)	18,684	17,952		18,362				
Non-employee FTEs (end of period)	4,936	4,152		4,984				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Annualised profit/(loss) for the period, excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.

³ Interim/final dividend per share over the relevant period as declared/proposed by the company, subject to approval at the annual general meeting. For more information, please refer to Capital management section.

⁴ Annualised profit/(loss) for the period, excluding coupons attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.

⁵ As a result of the merger of ABN AMRO Group N.V. and ABN AMRO Bank N.V. the numbers of shares have been adjusted for comparison reasons by aligning the numbers of shares of ABN AMRO Bank N.V. to the number of shares of ABN AMRO Group N.V.

Large incidentals

Q2 2020

Goodwill impairment at Private Banking Belgium

Q2 2020 included a EUR 34 million goodwill and intangible impairment at Private Banking Belgium in other expenses.

Q2 2019

Various one-offs including DSB

Q2 2019 included EUR 45 million of one-offs in net interest income, largely due to the positive revaluation of a claim relating to DSB.

Divestment of Stater

Q2 2019 included a EUR 130 million book gain (tax exempt) in other operating income of Group Functions. ABN AMRO sold 75% of its Stater shares to Infosys at the end of May 2019.

Provision for the Customer Due Diligence (CDD) project

Q2 2019 included a EUR 114 million provision for the CDD remediation programme at Retail Banking in other expenses.

Second quarter 2020 results

Net interest income amounted to EUR 1,514 million in Q2 2020 (Q2 2019: EUR 1,681 million including EUR 45 million in incidentals). The decrease was also caused by continued pressure on deposit margins and slightly lower loan margins and average volumes, which were partly compensated by charging negative rates to clients with deposits above EUR 2.5 million and ECB deposit tiering. On the asset side, interest income on residential mortgages declined, reflecting slightly lower margins (in a competitive market) and average volumes (mainly due to high mortgage redemptions). Market share in new production was 15% in Q2 2020 (Q2 2019: 17%). Interest income on consumer loans decreased as margins were slightly lower and average volumes declined, mainly as a result of lower demand in the current economic situation. Interest income on corporate loans declined as a result of lower average volumes and slightly lower margins, partly reflecting de-risking and a decrease in current accounts. A partial recovery of margins on corporate loans was reported in June. On the liability side, interest income on deposits declined largely due to continued margin pressure resulting from prolonged low interest rates, partly compensated by charging negative rates to clients with deposits above EUR 2.5 million. The interest rate paid on main retail savings was 0bps (Q2 2019: 3bps). As of Q2 2020, negative rates were charged on approximately EUR 19 billion of deposits in excess of EUR 2.5 million. Lowering of the threshold triggered clients to spread deposits across various banks and to switch to securities.

Compared with Q1 2020, net interest income came down by EUR 13 million, mainly due to a combination of lower Clearing results and lower asset margins and volumes (predominantly in consumer and corporate loans). This decline was partly compensated by charging negative rates to clients with deposits above EUR 2.5 million (approximately EUR 23 million) and a limited provision release on a longstanding litigation case (for which we are currently going through legal proceedings).

Net interest margin (NIM) decreased by 23bps to 147bps in Q2 2020 (Q2 2019: 170bps). The decrease was mainly caused by higher total assets (approximately 17bps) and, to a lesser extent, lower net interest income. Total assets largely increased as a result of participation in the TLTRO III facility (EUR 24 billion net).

Net fee and commission income amounted to EUR 375 million in Q2 2020 (Q2 2019: EUR 413 million). Excluding divestments (mainly Stater), net fee and commission income decreased by EUR 23 million mainly due to lower credit card usage at ICS (Retail Banking) and lower asset management fees at Private Banking, both as a result of Covid-19. Compared with Q1 2020, net fee and commission income decreased by EUR 64 million. The decline was largely attributable to lower income at Clearing (CIB) as market volatility was significantly higher in Q1 2020, as well as lower credit card usage and lower asset management fees.

Other operating income declined by EUR 132 million to EUR 96 million in Q2 2020. Q2 2019 included a EUR 130 million book gain on the sale of Stater, while Q2 2020 included a EUR 15 million provision release for SME derivatives-related issues. Volatile items in Q2 2020 were EUR 12 million lower than in Q2 2019 and included lower equity participation results due to fair market value adjustments (EUR 1 million negative, versus EUR 15 million in Q2 2019), stable favourable hedge accounting-related results (EUR 5 million, versus EUR 6 million in Q2 2019) and somewhat higher CVA/DVA/FVA¹ results (EUR 3 million, versus EUR 2 million negative in Q2 2019). Compared with Q1 2020, other operating income recovered mainly due to improving counterparty credit spreads (CVA/DVA/FVA).

Personnel expenses declined by EUR 26 million to EUR 528 million in Q2 2020. The decrease can be largely explained by divestments (mainly Stater), lower pension costs following the new CLA and the execution of cost-saving programmes, partly offset by the upscaling of AML activities and wage inflation.

¹ Credit Valuation Adjustment/Debit Valuation Adjustment/Funding Valuation Adjustment (CVA/DVA/FVA).

Employee FTEs increased by 732 compared to Q2 2019, totalling 18,684 in Q2 2020. The increase can be largely explained by additional resources needed for the upscaling of AML activities. Compared with Q1 2020, the number of FTEs increased by 322, which also primarily related to the upscaling of AML activities.

Other expenses decreased by EUR 85 million to EUR 670 million in Q2 2020. Excluding divestments (mainly Stater), the decrease was also attributable to a EUR 114 million provision in Q2 2019 for the CDD remediation programme, which was partly offset by upscaled AML activities in Q2 2020. Compared with Q1 2020, other expenses came down by EUR 100 million, as Q1 2020 included seasonally higher regulatory levies.

Non-employee FTEs (temporary staff and contractors) increased by 783 to 4,936 in Q2 2020 (Q2 2019: 4,152) largely due to an increase in temporary staffing for the upscaling of AML activities, including AML remediation programmes (for which we recorded a provision). Compared with Q1 2020, the number of FTEs remained broadly flat.

Impairment charges were EUR 703 million in Q2 2020, versus EUR 129 million in Q2 2019. The increase in impairment charges was largely attributable to stage 3 impairments at CIB (EUR 227 million, mainly in the oil & gas sector), a potential fraud case in Germany (for which we subsequently sold our full exposure) and, to a lesser extent, to the impact of the deteriorated economic outlook, leading to additional modeled provisions (EUR 70 million). The cost of risk amounted to 99bps (Q2 2019: 18bps).

Income tax expense was EUR 88 million in Q2 2020, while the profit before tax was EUR 83 million. Not all tax losses resulted in recognition of a deferred tax asset at full value, while a full tax liability was recognised in tax jurisdictions where we generated taxable income.

Client loans decreased by EUR 5.0 billion compared with Q1 2020, totalling EUR 247.3 billion. The decrease mainly reflected a decline in corporate loans at CIB, which was largely attributable to the reversal of the drawdowns on existing committed facilities in Q1 2020 as an immediate effect of Covid-19. Furthermore, corporate loans at

Commercial Banking declined due to lower demand in the current economic situation, while residential mortgages declined mainly due to high mortgage redemptions.

RWA amounted to EUR 112.1 billion in Q2 2020, a EUR 0.4 billion increase on Q1 2020. This increase was driven by the introduction of the new definition of default and model updates, and was partly offset by business developments and higher allowances. In comparison with the previous quarter, operational risk decreased in line with the declining trend of operational losses. Market risk RWA declined due to a lower capital multiplier and position changes, which is further explained in the Market risk section.

First half year results

ABN AMRO recorded a loss of EUR 400 million in H1 2020, while a profit of EUR 1,172 million was posted in H1 2019. The decrease was mainly attributable to significant impairments (H1 2020: EUR 1,814 million), largely from the impact of Covid-19.

Return on Equity for H1 2020 was 4.7% negative, compared with 11.4% in H1 2019, mainly as a result of record high impairments.

Operating income amounted to EUR 3,909 million, a decrease of EUR 494 million compared with H1 2019. Excluding the impact of the incidentals and volatile items in both half years, the decrease in operating income was predominantly the result of lower net interest income.

Net interest income was EUR 3,041 million, compared with EUR 3,254 million in H1 2019. Excluding incidentals and divestments, net interest income declined mainly as a result of continued pressure on deposit margins and, to a lesser extent, from slightly lower loan margins and average volumes. The decline was partly compensated by charging negative rates to clients with deposits above EUR 2.5 million and ECB deposit tiering.

Net fee and commission income amounted to EUR 813 million, a decrease of EUR 14 million compared with H1 2019. Excluding divestments (mainly Stater), net fee and commission income increased by EUR 23 million, predominantly at Clearing (CIB), due to higher market

volatility in H1 2020. This was partly offset by lower income at ICS (Retail Banking) due to lower credit card usage as a result of Covid-19.

Other operating income decreased to EUR 55 million in H1 2020 (H1 2019: EUR 322 million). H1 2019 included a EUR 130 million book gain for the sale of Stater, while H1 2020 included EUR 158 million lower income from volatile items.

Personnel expenses came down by EUR 63 million, totalling EUR 1,059 million in H1 2020. Excluding divestments (mainly Stater), personnel expenses declined by EUR 23 million mainly due to cost-saving programmes and lower pension costs (new CLA), partly offset by the upscaling of AML activities and wage inflation.

Other expenses declined by EUR 75 million to EUR 1,440 million in H1 2020. The decline was largely attributable to provisions in H1 2019 (mainly for the AML remediation programme), divestments and cost-saving programmes, partly offset by the upscaling of AML activities and, to a lesser extent, by a goodwill and intangible impairment at Private Banking Belgium (in Q2 2020).

Impairment charges amounted to EUR 1,814 million in H1 2020 (H1 2019: EUR 231 million). The sharp increase was mainly attributable to the financial impact of Covid-19, oil price developments and three exceptional client files in the credit portfolio relating to a loss at Clearing and two potential fraud cases, one in Singapore (TCF) and one in Germany. In total, an amount of EUR 827 million related to Covid-19 and oil price developments in H1 2020. The incidental losses related to a large loss in our Clearing operations and two potential fraud cases amounted to a total impairment of EUR 616 million. The cost of risk amounted to 116bps (H1 2019: 17bps).

Income tax expense amounted to EUR 4 million negative in H1 2020 (H1 2019: EUR 363 million positive). The decrease was mainly attributable to the decline in the result of H1 2020 compared with the result of H1 2019. Not all tax losses resulted in recognition of deferred tax assets at full value, while a full tax liability was recognised in tax jurisdictions where we generated taxable income.

Balance sheet

Condensed Consolidated statement of financial position

(in millions)	30 June 2020	31 March 2020	31 December 2019
Cash and balances at central banks	55,914	27,644	27,558
Financial assets held for trading	3,397	1,988	1,137
Derivatives	7,629	8,268	5,730
Financial investments	49,081	47,214	45,277
Securities financing	27,130	26,076	14,905
Loans and advances banks	5,409	6,337	5,011
Loans and advances customers	266,694	277,457	267,604
Other	9,480	10,920	7,831
Total assets	424,733	405,903	375,054
Financial liabilities held for trading	1,281	1,222	675
Derivatives	9,586	10,396	6,505
Securities financing	18,933	18,106	8,234
Due to banks	39,908	21,724	12,785
Due to customers	245,691	238,168	234,991
Issued debt	73,580	77,552	75,275
Subordinated liabilities	8,685	10,347	10,041
Other	5,467	7,651	5,076
Total liabilities	403,131	385,166	353,582
Equity attributable to the owners of the parent company	21,602	20,737	21,471
Total equity	21,602	20,737	21,471
Total liabilities and equity	424,733	405,903	375,054
Committed credit facilities	54,057	49,881	54,673
Guarantees and other commitments	12,744	15,164	17,479

Main developments in total assets compared with 31 March 2020

Total assets grew by EUR 18.8 billion, totalling EUR 424.7 billion at 30 June 2020. This increase was mainly driven by an increase in cash and balances at central banks, which was partly offset by lower loans and advances to customers.

Cash and balances at central banks increased by EUR 28.3 billion as a result of our participation in the TLTRO III facility (EUR 24 billion net).

Securities financing assets increased by EUR 1.1 billion to EUR 27.1 billion, reflecting seasonal effects.

Loans and advances customers decreased by EUR 10.8 billion to EUR 266.7 billion. This decline was attributable to loans to professional counterparties and client loans.

Client loans declined by EUR 5.0 billion, totalling EUR 247.3 billion at 30 June 2020. The decrease mainly reflected a decline in corporate loans at CIB, which was largely attributable to the reversal of drawdowns on existing committed facilities in Q1 2020 as an immediate effect of Covid-19. Furthermore, corporate loans at Commercial Banking declined mainly due to lower demand in the current economic situation, while residential mortgages declined mainly due to high mortgage redemptions.

Loans to professional counterparties and other loans decreased by EUR 5.4 billion to EUR 19.0 billion, largely due to a decline at Clearing (CIB).

Loans and advances customers

(in millions)	30 June 2020	31 March 2020	31 December 2019
Residential mortgages	146,982	147,588	148,225
Consumer loans	11,576	11,903	12,294
Corporate loans to clients ¹	88,735	92,832	89,756
- of which: Commercial Banking	41,120	41,311	41,500
- of which: Corporate & Institutional Banking	40,651	44,396	41,136
Total client loans²	247,293	252,323	250,276
Loans to professional counterparties and other loans ³	19,027	24,441	16,412
Total loans and advances customers²	266,321	276,764	266,687
Fair value adjustments from hedge accounting	3,942	3,659	3,342
Less: loan impairment allowance	3,569	2,966	2,426
Total loans and advances customers	266,694	277,457	267,604

¹ Corporate loans excluding loans to professional counterparties.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

³ Loans to professional counterparties and other loans includes loans and advances to governments, official institutions and financial markets parties.

Main developments in total liabilities and equity compared with 31 March 2020

Total liabilities rose by EUR 18.0 billion, totalling EUR 403.1 billion at 30 June 2020. This increase was mainly attributable to an increase in the amount due to banks as a result of participation in the TLTRO III facility (EUR 24 billion net).

Securities financing liabilities increased by EUR 0.8 billion, totalling EUR 18.9 billion at 30 June 2020, reflecting seasonal effects.

Issued debt securities declined by EUR 4.0 billion to EUR 73.6 billion, mainly due to matured long-term funding, which was partly offset by EUR 1.25 billion in new senior non-preferred funding.

Due to customers increased by EUR 7.5 billion, totalling EUR 245.7 billion. This increase included holiday allowances and low consumer spending.

Total equity rose by EUR 0.9 billion to EUR 21.6 billion at 30 June 2020. This increase was mainly attributable to the issuance of an AT1 instrument. For more information, see the Capital management section.

Equity attributable to owners of the parent company, excluding AT1 securities, amounted to EUR 18.6 billion, resulting in a EUR 19.82 book value per share based on 940,000,001 outstanding shares.

Main developments in total assets compared with 31 December 2019

Total assets increased by EUR 49.7 billion, totalling EUR 424.7 billion at 30 June 2020. This increase was mainly driven by an increase in cash and balances at central banks and securities financing assets.

Cash and balances at central banks increased by EUR 28.4 billion as a result of our participation in the TLTRO III facility (EUR 24 billion net).

Securities financing assets increased by EUR 12.2 billion to EUR 27.1 billion, reflecting seasonal effects.

Loans and advances customers decreased by EUR 0.9 billion to EUR 266.7 billion as a decline in client loans was partly offset by an increase in loans to professional counterparties.

Client loans declined by EUR 3.0 billion to EUR 247.3 billion, reflecting lower residential mortgages largely due to high mortgage redemptions, lower consumer loans largely due to lower demand in the current economic situation, and active de-risking at CIB.

Loans to professional counterparties and other loans increased by EUR 2.6 billion to EUR 19.0 billion, largely due to an increase at Clearing (CIB).

Main developments in total liabilities compared with 31 December 2019

Total liabilities rose by EUR 49.5 billion, totalling EUR 403.1 billion at 30 June 2020. This increase was mainly attributable to an increase in the amount due to banks as a result of our participation in the TLTRO III facility (EUR 24 billion net), higher securities financing liabilities and an increase in the amount due to customers.

Securities financing liabilities increased by EUR 10.7 billion to EUR 18.9 billion, reflecting seasonal effects.

Issued debt securities declined by EUR 1.7 billion to EUR 73.6 billion, reflecting lower long-term and short-term funding, partly offset by EUR 2.5 billion new senior non-preferred funding.

Due to customers increased by EUR 10.7 billion, totalling EUR 245.7 billion. This increase included holiday allowances and low consumer spending.

Total equity rose by EUR 0.1 billion to EUR 21.6 billion at 30 June 2020.

Main developments off-balance sheet

(in millions)	Commercial Banking	Corporate & Institutional Banking	Other segments	Total
30 June 2020				
Committed credit facilities	12,335	30,403	11,318	54,057
Guarantees and other commitments	1,684	8,925	2,136	12,744
Revocable credit facilities	62	35,181	9,652	44,895
Total	14,081	74,509	23,106	111,695
31 March 2020				
Committed credit facilities	11,150	27,364	11,367	49,881
Guarantees and other commitments	1,695	11,247	2,222	15,164
Revocable credit facilities	90	35,051	9,532	44,673
Total	12,935	73,662	23,121	109,718
31 December 2019				
Committed credit facilities	11,714	30,423	12,536	54,673
Guarantees and other commitments	1,692	13,572	2,214	17,479
Revocable credit facilities	147	37,236	9,327	46,710
Total	13,554	81,231	24,077	118,861

Committed credit facilities rose by EUR 4.2 billion to EUR 54.1 billion at 30 June 2020, largely reflecting the undrawn part of committed credit facilities. This increase was mainly attributable to CIB, reflecting the reversal of drawdowns on existing committed facilities in Q1 2020 as an immediate effect of Covid-19.

Guarantees and other commitments decreased by EUR 4.7 billion compared with 31 December 2019 to EUR 12.7 billion at 30 June 2020. This decline was due mainly to fewer bankers' acceptances and documentary credits given to energy clients and, to a lesser extent, a lower outstanding volume of irrevocable letters of credits given, mainly driven by corporate and institutional clients.

Results by segment

Retail Banking

Highlights

- ▶ Net interest income decreased mainly as a result of continued pressure on deposit margins and slightly lower deposit volumes as a result of the low interest rate environment. Furthermore, interest income on residential mortgages declined, reflecting slightly lower margins (in a competitive market) and average volumes (mainly due to high mortgage redemptions). Interest income on consumer loans declined due to lower demand in the current economic situation.
- ▶ Market share of new production in residential mortgages was 15% in Q2 2020 (Q2 2019: 17%), reflecting our focus on price discipline in a competitive market.
- ▶ Net fee and commission income declined largely due to lower credit card usage at ICS as a result of Covid-19. Positive signs of increasing credit card usage were seen in June.
- ▶ Decrease in other expenses was mainly attributable to a EUR 114 million provision for the CDD remediation programme in Q2 2019, partly offset by higher expenses for the upscaling of AML activities in Q2 2020.
- ▶ A larger number of clients started repaying deferred interest and principal payments.
- ▶ Starting in October, we will offer one uniform payment package, allowing easy onboarding of new clients while simplifying back-end processes and rationalising outdated product constructions and conditions.

Operating results

(in millions)	Q2 2020	Q2 2019	Change	Q1 2020	Change	First half 2020	First half 2019	Change
Net interest income	656	746	-12%	678	-3%	1,334	1,498	-11%
Net fee and commission income	73	90	-19%	86	-14%	159	176	-10%
Other operating income	11	13	-11%	4		15	28	-44%
Operating income	741	849	-13%	768	-3%	1,509	1,701	-11%
Personnel expenses	105	101	4%	97	9%	202	202	
Other expenses	380	466	-18%	406	-6%	785	862	-9%
Operating expenses	485	567	-14%	502	-4%	987	1,064	-7%
Operating result	256	282	-9%	265	-3%	521	637	-18%
Impairment charges on financial instruments	16	17	-5%	67	-76%	83	19	
Profit/(loss) before taxation	240	265	-10%	198	21%	438	618	-29%
Income tax expense	60	65	-8%	48	24%	108	155	-30%
Profit/(loss) for the period	180	200	-10%	150	20%	330	463	-29%
Cost/income ratio	65.4%	66.8%		65.4%		65.4%	62.6%	
Cost of risk (in bps) ¹	3	4		14		9	2	
Other indicators								
Loans and advances customers (end of period, in billions)	150.5	153.8		151.4				
- of which Client loans (end of period, in billions) ²	150.8	154.1		151.8				
Due to customers (end of period, in billions)	93.8	96.4		89.6				
Risk-weighted assets (end of period, in billions)	27.2	27.9		27.6				
Employee FTEs (end of period)	4,443	4,375		4,405				
Total Client Assets (end of period, in billions)	103.5	107.3		98.5				
- of which Cash	93.8	96.4		89.6				
- of which Securities	9.7	10.9		8.9				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Commercial Banking

Highlights

- ▶ Net interest income decreased mainly due to continued pressure on deposit margins (partly offset by charging negative rates to client with deposits above EUR 2.5 million) and, to a lesser extent, lower average corporate loan volume and slightly lower margins, reflecting a decrease in current accounts.
- ▶ Net fee and commission income declined largely due to reduced economic activity, which particularly impacted payment transactions, trade and guarantees, and factoring.
- ▶ Personnel expenses came down mainly due to a decline in the number of FTEs, resulting partly from cost-saving programmes.
- ▶ Other expenses increased as a result of the upscaling of AML activities and Client Services.
- ▶ Impairments declined compared with Q1 2020 as Q1 2020 included collective provisioning for clients in sectors most impacted by Covid-19.
- ▶ Support platform for SME clients was launched, offering a broad scope of relevant information and easy solutions on how to do business in these challenging times, including tools for digital payments and drafting liquidity plans.

Operating results

(in millions)	Q2 2020	Q2 2019	Change	Q1 2020	Change	First half 2020	First half 2019	Change
Net interest income	371	385	-4%	373	-1%	744	775	-4%
Net fee and commission income	59	63	-6%	67	-11%	126	126	
Other operating income	3	6	-55%	9	-68%	12	11	2%
Operating income	433	455	-5%	449	-4%	882	912	-3%
Personnel expenses	62	69	-11%	59	4%	121	140	-14%
Other expenses	183	162	13%	207	-11%	390	339	15%
Operating expenses	245	231	6%	266	-8%	511	479	7%
Operating result	188	224	-16%	183	3%	371	434	-15%
Impairment charges on financial instruments	81	12		225	-64%	306	74	
Profit/(loss) before taxation	108	211	-49%	-43		65	360	-82%
Income tax expense	27	53	-49%	-11		15	91	-83%
Reported profit/(loss) for the period	81	159	-49%	-31		49	269	-82%
Cost/income ratio	56.5%	50.8%		59.3%		58.0%	52.5%	
Cost of risk (in bps) ¹	57	10		202		130	32	
Other indicators								
Loans and advances customers (end of period, in billions)	40.7	42.9		42.0				
- of which Client loans (end of period, in billions) ²	41.7	43.6		42.9				
Due to customers (end of period, in billions)	49.2	45.3		46.8				
Risk-weighted assets (end of period, in billions)	30.7	27.7		30.0				
Employee FTEs (end of period)	2,175	2,404		2,136				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Private Banking

Highlights

- ▶ Net interest income increased compared with Q1 2020 as we charged negative interest rates to clients with deposits above EUR 2.5 million.
- ▶ Net fee and commission income declined compared with both Q2 2019 and Q1 2020, mainly due to lower asset management fees as market dislocation (as a result of Covid-19) near the end of Q1 2020 caused a steep decline in assets under management, resulting in a low fee base for Q2 2020.
- ▶ Personnel expenses decreased compared with Q2 2019, largely due to lower FTE levels resulting from the divestment of activities in the Channel Islands (in Q3 2019) and, to a lesser extent, lower pension costs (new CLA).
- ▶ Other expenses were higher as Q2 2020 included a EUR 34 million impairment for goodwill and intangibles in Belgium, which was partly offset by the divestment of activities in the Channel Islands.
- ▶ Client assets declined mainly due to the divestment of activities in Channel Islands, custody outflow and controlled cash outflow, resulting from charging negative interest rates to clients with deposits above EUR 2.5 million. Compared with Q1, client assets grew, mainly in securities, as the lower threshold for negative rates triggered clients to switch to securities.
- ▶ ABN AMRO and Aegon Asset Management are working together to develop an Impact Equity Fund offering for clients, which will enable clients to invest in companies, organisations and funds with a social and environmental impact alongside financial return.

Operating results

(in millions)	Q2 2020	Q2 2019	Change	Q1 2020	Change	First half 2020	First half 2019	Change
Net interest income	167	173	-4%	153	9%	320	347	-8%
Net fee and commission income	119	126	-5%	129	-8%	249	251	-1%
Other operating income	15	24	-37%	6	142%	21	31	-33%
Operating income	301	323	-7%	289	4%	590	629	-6%
Personnel expenses	89	94	-5%	90		179	191	-7%
Other expenses	158	134	18%	144	10%	301	280	7%
Operating expenses	247	228	8%	233	6%	480	472	2%
Operating result	54	95	-43%	55	-2%	109	158	-31%
Impairment charges on financial instruments	16	10	66%	14	14%	30	12	
Profit/(loss) before taxation	38	85	-55%	42	-8%	80	146	-45%
Income tax expense	20	19	2%	14	41%	34	40	-15%
Profit/(loss) for the period	19	66	-72%	28	-32%	46	106	-57%
Cost/income ratio	82.0%	70.6%		80.8%		81.4%	75.0%	
Cost of risk (in bps) ¹	44	30		37		41	18	
Other indicators								
Loans and advances customers (end of period, in billions)	14.0	12.5		14.1				
- of which Client loans (end of period, in billions) ²	14.1	12.7		14.2				
Due to customers (end of period, in billions)	64.5	67.7		62.8				
Risk-weighted assets (end of period, in billions)	10.5	10.0		10.2				
Employee FTEs (end of period)	2,804	2,923		2,872				
Total Client Assets (end of period, in billions)	177.0	201.9		167.3				
- of which Cash	64.6	71.1		62.8				
- of which Securities	112.4	130.8		104.5				
Net new assets (for the period, in billions)	-2.7	1.4		-6.2		-8.8	2.4	

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Corporate & Institutional Banking

Highlights

- ▶ Outcome of CIB review: focus on NW Europe and Clearing and significant risk reduction in global sectors TCF, Natural Resources and Shipping.
- ▶ Net interest income decreased mainly due to lower average corporate loan volumes, reflecting active de-risking, and, to a lesser extent, slightly lower margins.
- ▶ Net fee and commission income declined compared with Q1 2020 largely because market volatility was high in Q1 2020, positively impacting Clearing results.
- ▶ Other operating income improved significantly compared with Q1 2020, largely due to the negative effect of Covid-19 in Q1 2020 on counterparty credit spreads, resulting in negative CVA/DVA/FVA results, and fair market value adjustments, resulting in lower equity participation results.
- ▶ Loan impairments were high, reflecting stage 3 impairments (mainly in the oil & gas sector), a potential fraud case in Germany and, to a lesser extent, the deteriorated economic outlook.
- ▶ Not all tax losses resulted in recognition of a deferred tax asset at full value, while a full tax liability was recognised in tax jurisdictions where we generated taxable income.
- ▶ Corporate loans declined largely due to the reversal of drawdowns on existing committed facilities in Q1 2020 as an immediate effect of Covid-19, and due to the focus on de-risking.
- ▶ RWA remained broadly stable compared with Q1 2020 driven by the introduction of the new definition of default and model updates, and was partly offset by business developments and higher allowances.

Operating results

(in millions)	Q2 2020	Q2 2019	Change	Q1 2020	Change	First half 2020	First half 2019	Change
Net interest income	292	313	-7%	302	-3%	594	617	-4%
Net fee and commission income	136	130	4%	166	-18%	302	259	16%
Other operating income	55	45	20%	-102		-47	42	
Operating income	482	488	-1%	366	32%	849	918	-8%
Personnel expenses	101	107	-6%	104	-3%	205	215	-5%
Other expenses	149	143	4%	194	-23%	344	324	6%
Operating expenses	250	250		298	-16%	549	539	2%
Operating result	232	239	-3%	68		300	379	-21%
Impairment charges on financial instruments	591	90		804	-27%	1,395	129	
Profit/(loss) before taxation	-358	148		-736	51%	-1,095	251	
Income tax expense	-39	39		-161	76%	-200	65	
Profit/(loss) for the period	-319	110		-575	44%	-894	185	
Cost/income ratio	51.9%	51.2%		81.5%		64.6%	58.7%	
Cost of risk (in bps) ¹	373	57		412		392	42	
Other indicators								
Loans and advances customers (end of period, in billions)	56.8	60.5		65.6				
- of which Client loans (end of period, in billions) ²	40.7	43.7		44.4				
Due to customers (end of period, in billions)	28.6	27.7		32.9				
Risk-weighted assets (end of period, in billions)	39.2	36.1		39.5				
Employee FTEs (end of period)	2,492	2,522		2,457				

¹ Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

² Gross carrying amount excluding fair value adjustment from hedge accounting.

Group Functions

Highlights

- ▶ Net interest income decreased largely due to the positive revaluation of a DSB claim in Q2 2019.
- ▶ Net fee and commission income decreased mainly due to the divestment of Stater.
- ▶ Other operating income in Q2 2019 included a EUR 130 million book gain for the sale of Stater.
- ▶ Operating expenses were lower mainly due to higher recharging of costs to the commercial segments, the sale of Stater and ongoing cost-saving programmes. The decrease was partly offset by upscaled AML activities.
- ▶ AML is an ongoing area of focus, with currently more than 3,000 FTEs fully committed. Centralisation of AML activities in Group Functions is enabling further specialisation and knowledge sharing across the bank.

Operating results

(in millions)	Q2 2020	Q2 2019	Change	Q1 2020	Change	First half 2020	First half 2019	Change
Net interest income	28	64	-56%	21	32%	49	18	
Net fee and commission income	-13	3		-10	-30%	-23	15	
Other operating income	12	140	-91%	42	-71%	54	209	-74%
Operating income	27	207	-87%	53	-48%	80	242	-67%
Personnel expenses	171	183	-7%	181	-5%	352	373	-6%
Other expenses	-200	-149	-34%	-181	-10%	-381	-290	-31%
Operating expenses	-28	34				-28	83	
Operating result	56	172	-68%	53	5%	109	159	-32%
Impairment charges on financial instruments				1			-1	
Profit/(loss) before taxation	56	172	-68%	52	7%	108	160	-32%
Income tax expense	21	14	52%	18	16%	39	12	
Profit/(loss) for the period	35	159	-78%	34	2%	69	147	-53%
Other indicators								
Securities financing - assets (end of period, in billions)	22.1	15.7		20.9				
Loans and advances customers (end of period, in billions)	4.8	5.7		5.5				
Securities financing - liabilities (end of period, in billions)	18.2	11.8		17.5				
Due to customers (end of period, in billions)	9.5	5.6		6.1				
Risk-weighted assets (end of period, in billions)	4.4	4.9		4.4				
Employee FTEs (end of period)	6,770	5,728		6,492				

Risk, funding & capital information

Risk developments

Key figures

(in millions)	30 June 2020	31 March 2020	31 December 2019
Total loans and advances, gross excluding fair value adjustments¹	270,505	281,812	270,437
- of which Banks	5,413	6,342	5,016
- of which Residential mortgages	146,982	147,588	148,225
- of which Consumer loans	11,576	11,903	12,294
- of which Corporate loans ²	97,638	105,339	98,610
- of which Other loans and advances customers ¹	8,896	10,641	6,292
Total Exposure at Default (EAD)	422,224	402,131	393,247
Credit quality indicators¹			
Forbearance ratio	3.5%	2.5%	2.4%
Past due ratio	1.0%	1.2%	1.2%
- of which Residential mortgages	0.7%	0.7%	0.9%
- of which Consumer loans	2.8%	3.0%	3.6%
- of which Corporate loans	1.4%	1.9%	1.4%
Stage 3 Impaired ratio	3.2%	2.8%	2.5%
Stage 3 Coverage ratio	34.3%	30.4%	29.6%
Regulatory capital			
Total RWA	112,057	111,704	109,825
- of which Credit risk ²	92,469	91,412	89,071
- of which Operational risk	17,680	18,148	19,391
- of which Market risk	1,908	2,144	1,362
Total RWA/total EAD	26.5%	27.8%	27.9%
Mortgage indicators			
Exposure at Default	164,485	164,723	164,575
- of which mortgages with Nationale Hypotheek Garantie (NHG)	34,291	34,757	35,304
Risk-weighted assets	16,714	16,809	16,665
RWA/EAD	10.2%	10.2%	10.1%
Average Loan-to-Market-Value	63%	63%	64%
Average Loan-to-Market-Value - excluding NHG loans	61%	61%	62%

¹ Excluding loans and advances measured at fair value through P&L.

² RWA for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2020 is EUR 0.2 billion (31 March 2020 is EUR 0.3 billion, 31 December 2019 is EUR 0.4 billion).

Impairment charges & cost of risk

	Q2 2020	Q2 2019	Q1 2020	First half 2020	First half 2019
Impairment charges on loans and other advances (in EUR million) ¹	703	129	1,111	1,814	231
- of which Residential mortgages	5	15	4	9	16
- of which Consumer loans	28	7	32	60	10
- of which Corporate loans	640	102	861	1,501	202
Cost of risk (in bps) ^{2,3}	99	18	132	116	17
- of which Residential mortgages	1	4	1	1	2
- of which Consumer loans	95	22	104	100	16
- of which Corporate loans	250	38	335	293	38

¹ Including off-balance sheet exposures.

² Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

³ Calculation of CoR excludes (impairment charges on) off balance exposures.

Second-quarter developments

The second quarter was again marked by high impairments within CIB and a potential fraud case. Individual assessments of stage 3 clients led to large additional impairments, especially in the oil & gas sectors (upstream, midstream and off-shore). We updated our macroeconomic scenarios and our procedures for identifying sectors with increased credit risk. The impact on collective provisions was moderate, as management overlays in Q1 proved largely adequate. More details on these measures and the effect they had on our results for the first half year of 2020 can be found in the sections on impairments and the coverage and stage ratios.

Credit quality indicators

Overall, the credit quality indicators were impacted by Covid-19, which led to materially higher forbore exposure, stage 3 ratio and coverage ratio. The forbore exposure increased significantly to EUR 9.2 billion (Q1 2020: EUR 7.0 billion), as more clients received a forbearance measure. The inflow was mainly observed in corporate loans and, to a lesser extent, in the mortgage portfolio. Mortgage clients that were granted deferral of payment due to Covid-19 are considered forbore if they had pre-existing financial difficulties. Forbearance measures for corporates included deferral of repayments, covenant resets and providing additional liquidity.

Total past due exposure for loans and advances to customers decreased significantly to EUR 2.7 billion in Q2 2020 (Q1 2020: EUR 3.3 billion). The decrease was mainly visible in short and mid-term arrears (≤ 30 and $>30-90$ days) on corporate loans. The decreases related mainly to Covid-19 measures (deferral of interest and principal

payments) and repayment of small arrears for large exposures. The decrease was partly offset by an increase in corporate loans with long-term past due exposure (>90 days) and a limited increase in residential mortgages arrears. Overall, the past due ratio for loans and advances to customers improved to 1.0% in Q2 2020 compared with Q1 2020 (1.2%).

The stage 3 impaired ratio and coverage ratio increased significantly to 3.2% (Q1 2020: 2.8%) and 34.3% (Q1 2020: 30.4%), respectively. These increases were largely attributable to a potential fraud case in Germany and further increases of allowances for existing stage 3 clients in the energy-offshore sector and various industry sectors within CIB. This includes the highly provisioned exposure to a client in Germany, which was sold subsequently and will reduce the coverage ratio for stage 3 by approximately 1% point in Q3. There was also new stage 3 inflow of clients in the food & beverage and retail sectors within CIB and CB.

Cost of risk

In Q2 2020 the impairment charges amounted EUR 703 million (Q2 2019: EUR 129 million, Q1 2020: EUR 1,111 million), resulting in a cost of risk of 99bps.

The impairment charges for CIB amounted to EUR 591 million in Q2 2020 (Q2 2019: EUR 90 million), were mainly recorded in the energy-offshore sector and were related to new inflow in stage 3 as well as increases in existing stage 3 impairments. Individual assessments of stage 3 clients led to additional impairments for some clients. Next to that, we recorded a large incidental loss due to a potential fraud case in Germany.

Additions for CB were EUR 81 million this quarter (Q2 2019: EUR 12 million). The impairment charges were mainly recorded for individual files in the industrial transportation and food & beverage sectors, as well as in the travel & leisure sector.

Impairment charges for Private Banking amounted to EUR 16 million in Q2 2020. For Retail Banking an increase of EUR 14 million was recorded, mainly as a result of the implementation of the new definition of default (DoD), under which more clients were transferred to stage 3. EUR 2 million of the impairment charges were attributable to residential mortgages (Q2 2019: EUR 15 million, of which approximately EUR 13 million resulted from refined UTP triggers).

Loans and advances

In Q2 2020 total loans and advances declined to EUR 270.5 billion (31 March 2020: EUR 281.8 billion). All product groups contributed to this decline. Corporate loans showed the largest decrease (EUR 7.7 billion), mainly due to the reversal of the drawdown on committed corporate loans of last quarter. The EUR 1.7 billion decline in other loans and advances is caused by lower collateral and default fund contributions for Clearing activities.

Exposure at Default

EAD increased to EUR 422.2 billion (Q1 2020: EUR 402.1 billion) mainly in relation to the ECB's targeted long-term refinancing operations (TLTRO). ABN AMRO increased its participation in TLTRO to support clients and their potential future needs due to Covid-19. This EAD increase was partly offset by volume decreases in all business lines, but mainly in CIB and CB.

Regulatory capital

Total RWA increased to EUR 112.1 billion (31 March 2020: EUR 111.7 billion) reflecting an increase in credit risk. This increase was driven by the introduction of the new definition of default and model updates, and was partly offset by business developments and higher allowances. In comparison with the previous quarter, operational risk decreased in line with the declining trend of operational losses. Market risk RWA declined due to a lower capital multiplier and position changes, which is further explained in the Market risk section.

Definition of default (DoD)

This quarter we implemented a uniform DoD for all credit exposures except for mortgages. As credit risk models have not yet been adjusted to the new default definition, an RWA add-on of EUR 2.1 billion was taken. The implementation increased the total stage 3 exposure by approximately EUR 0.2 billion and impairment allowances by approximately EUR 28 million. For mortgages, we will apply a one-step approach, meaning the new definition and updated credit risk models will be implemented simultaneously. The current expectation is that this will take place at the end of 2020.

Residential Mortgages

Housing market developments

Demand/supply dynamics in the Dutch housing market remained tight, as the housing shortage continued to be substantial. However, the number of properties for sale increased. Homeowners that want to relocate are likely looking to sell their home first before buying another property. The impact of Covid-19 is not yet visible in the Q2 2020 figures.

Despite declining consumer confidence, the housing shortage combined with low interest rates led to a further rise of residential property prices. The housing price index published by Statistics Netherlands (CBS) for Q1 2020 was 2.0% higher than in Q1 2019, and 7.5% higher than in Q2 2019. Low interest rates also led to a large refinancing market.

Residential mortgage insights

New mortgage production amounted to EUR 3.7 billion, an increase of 1.2% from Q2 2019 and 11.3% from Q1 2020. As in Q1 2020, ABN AMRO's market share in new mortgage production came to 15% in Q2 2020 (Q2 2019: 17%) as we maintained strict pricing discipline in a competitive market. The proportion of amortising mortgages continued to increase, reaching 35% by the end of Q2 2020 (Q1 2020: 34%, Q2 2019: 31%).

Rising house prices and (contractual) redemptions led to further improvement of the mortgage portfolio. The average indexed LtMV remained stable at 63% compared to Q1 2020 (61% excluding NHG mortgages). The gross carrying amount of mortgages with an LtMV in excess of 100% decreased, totaling EUR 1.6 billion (Q1 2020: EUR 1.9 billion) and accounting for 1.1% of total mortgages (Q1 2020: 1.3%, Q2 2019: 1.6%).

Approximately 3% of the extra repayments were in this category (Q1 2020: 2%, Q2 2019: 3%).

Developments over the first six months

The Covid-19 outbreak and the subsequent lockdowns in various countries in which we operate have impacted the risk profile of our corporate loan portfolio, especially in the sectors directly affected by the lockdowns. The oil & gas sector (midstream, upstream) continued to suffer from depressed oil and gas prices. To address this we transferred clients to stage 2 and recorded significant collective provisions for sectors immediately impacted by Covid-19 and oil prices. More details on these measures and the effect they had on our results for H1 2020 can be found in the sections on impairments and the coverage and stage ratios.

Credit quality indicators

The forbore exposure increased significantly to EUR 9.2 billion in Q2 2020 (Q4 2019: EUR 6.4 billion), as more clients received a forbearance measure. The inflow was mainly observed in corporate loans in the sectors travel & leisure, industrial goods & services, retail and food & beverages in the Netherlands and the rest of Europe as well as oil & gas clients in the US. The main driver of the inflow into the mortgage portfolio can be attributed to contracts becoming forbore after having been granted moratoria due to Covid-19.

Overall past due exposure decreased significantly to EUR 2.7 billion in Q2 2020 compared with year-end 2019 (EUR 3.2 billion). Decreases were mainly noted in short-term arrears for residential mortgages (≤ 30 days) and partly offset by long-term arrears in corporate loans. The decrease in arrears for residential mortgages was mainly an extended effect of the still benign economic circumstances in the first quarter and partly offset by a moderate increase in the second quarter as result of Covid-19 effects. For corporate loans, the decrease in short-term arrears was largely offset by increases in mid-term and long-term arrears. Overall, the past due ratio for loans and advances to customers improved to 1.0% in Q2 2020 compared with Q4 2019 (1.2%).

The stage 3 impaired ratio and coverage ratios for loans and advances to customers increased strongly to 3.2% (Q4 2019: 2.5%) and 34.3% (31 December 2019: 29.6%)

respectively. This increase was attributable to high coverage ratios on some large exposures flowing into stage 3 and increased provisions for existing stage 3 clients in the oil & gas sector within CIB.

More details on credit quality indicators are provided at the end of this section.

Cost of risk

The H1 2020 impairment charges amounted to EUR 1,814 million (cost of risk 116bps), compared with EUR 231 million in H1 2019. The sharp increase in impairment charges for H1 2020 related mainly to the financial impact of Covid-19, oil price developments and three exceptional client files in the credit portfolio. In total, an amount of EUR 827 million related to Covid-19 and oil price developments in H1 2020. The three exceptional client files related to a large loss in our Clearing operations and two potential fraud cases, amounting to a total impairment of EUR 616 million. For the full year 2020, we forecast impairment charges to rise above the through-the-cycle average, to around EUR 3 billion, not including the impact of the implementation of the announced CIB review.

The impairment charges for CIB amounted to EUR 1,395 million in H1 2020 (H1 2019: EUR 129 million), including EUR 551 million in connection with Covid-19 and oil price developments. This related to a management overlay in stage 1 and 2 provisions, new stage 3 exposures and additional impairments for existing stage 3 clients, mainly in the oil & gas sector. Furthermore, the impairment charges for CIB were impacted by three exceptional client files that accounted for a total of EUR 616 million in impairment charges in H1 2020. Corrected for these items, regular impairment charges were limited and recorded in various industrial sectors.

The net additions for CB amounted EUR 306 million in H1 2020 (EUR 74 million in H1 2019), including EUR 202 million for impairments related to Covid-19. The impairment charges for individual files were spread across a number of sectors, with the largest increases in the industrial transportation and food & beverage sectors, as well as in the travel & leisure sector. These increases were mainly related to Covid-19. In H1 2019, impairments for CB were mainly recorded in the short sea shipping and food & beverage sectors.

The impairment charges for Private Banking amounted to EUR 30 million, including EUR 5 million for Covid-19 measures and EUR 2 million in connection with the new definition of default.

For Retail Banking, impairment charges amounted EUR 83 million (H1 2019: EUR 2 million). The steep increase was mainly attributable to Covid-19, which accounted for EUR 69 million of the impairment charges. Furthermore, impairments were recorded as a result of the new definition of default. Impairment charges for residential mortgages accounted for EUR 3 million in H1 2020 (H1 2019: EUR 17 million, including EUR 13 million for refined UTP triggers). Impairment charges relating to the updated macroeconomic outlook were offset by a release relating to a refinement of impairments on interest-only mortgages.

More details on the drivers behind the H1 impairment charges can be found at the end of this section.

Loans and advances

In the first six months of 2020, total loans and advances remained stable at EUR 270.5 billion compared to Q4 2019. Corporate loans declined marginally and the decline was partly offset by an increase in other loans and advances which related to elevated Clearing activities (i.e. default fund contributions and posting cash collateral), reflecting

the sentiment in the market. Residential mortgages decreased slightly, mainly due to a modest slowdown of the mortgage production.

Exposure at Default

EAD increased to EUR 422.2 billion (31 December 2019: EUR 393.2 billion). This increase was primarily explained by an increase in Group Functions in the second quarter, which related to TLTRO to support clients and potential future liquidity needs resulting from Covid-19. EAD of CIB's global markets also increased, while EAD for all other business lines declined.

Regulatory capital

Total RWA increased to EUR 112.1 billion (31 December 2019: EUR 109.8 billion) due to an increase in credit risk and, to a lesser extent, in market risk. The increase in credit risk was predominantly driven by business developments in CIB and CB in the first quarter and the introduction of the new definition of default in combination with model updates in the second quarter. Market risk RWA increased in this period, mainly due to moves in VaR and in the incremental risk charge (IRC) and due to an increase of the IRC add-on. The decrease in operational risk was driven by an update of the scenario analysis data, an update of the AMA model and the recalculation of BIA capital supported by the declining trend of operational losses.

Ageing of past due not classified as stage 3 Reviewed

(in millions)	Gross carrying amount	Days past due			30 June 2020	31 March 2020 ³	31 December 2019	
		≤ 30 days	> 30 days & ≤ 90 days	> 90 days ²	Total past due but not stage 3	Past due ratio	Past due ratio	Past due ratio
Loans and advances banks	5,413				0.0%	0.0%	0.0%	
Loans and advances customers								
Residential mortgages	146,982	961	69	10	1,040	0.7%	0.7%	0.9%
Consumer loans	11,576	188	52	90	330	2.8%	3.0%	3.6%
Corporate loans ¹	97,638	867	270	211	1,349	1.4%	1.9%	1.4%
Other loans and advances customers ¹	8,896					0.0%	0.0%	0.0%
Total loans and advances customers¹	265,092	2,016	392	311	2,719	1.0%	1.2%	1.2%
Loans at fair value through P&L	1,228							
Total loans and advances	271,734	2,016	392	311	2,719	1.0%	1.2%	1.2%

¹ Excluding loans at fair value through P&L.

² Materiality thresholds are applied for counterparties transferring to stage 3. Below these thresholds, amounts are reported on > 90 days past due.

³ The figures in column 31 March 2020 are not reviewed. This column is for comparison purposes only.

Overall past due exposure decreased significantly to EUR 2.7 billion in Q2 2020 compared with year-end 2019 (EUR 3.2 billion). Arrears decreased in all product groups but mainly in residential mortgages and, to a lesser extent, in corporate loans and consumer loans.

Residential mortgages past due exposure decreased to EUR 1.0 billion in Q2 2020, a EUR 0.4 billion decline from year-end 2019 (EUR 1.4 billion). As a result, the past due ratio declined to 0.7% (Q4 2019: 0.9%). The decrease in past due ratio for residential mortgages was mainly driven by short-term arrears and attributable to extended effects of the still benign economic circumstances in the first quarter. The increase in residential mortgages arrears in the second quarter was mainly attributable to the deteriorating economic conditions as a result of Covid-19.

Past due exposure in corporate loans in Q2 2020 was fairly stable at EUR 1.3 billion, compared with EUR 1.4 billion in Q4 2019, leaving the past due ratio unchanged at 1.4%. The decrease in short-term arrears was largely offset by increases in mid-term and long-term arrears.

Consumer loans past due exposure decreased to EUR 0.3 billion in Q2 2020 (Q4 2019: EUR 0.4 billion). As a result, the past due ratio improved to 2.8% in Q2 2020 from 3.6% at year-end 2019. The decrease in past due exposure was reported in all past due buckets, but mainly related to short- and mid-term arrears (≤30 days and >30-60 days) and was mainly attributable to outflow of several larger clients in Private Banking.

Coverage and impaired ratio by stage Reviewed

(in millions)	30 June 2020				31 March 2020 ⁴		31 December 2019	
	Gross carrying amount ³	Allowances for credit losses	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio	Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	5,406	4	0.1%	99.9%	0.1%	100.0%	0.1%	100.0%
Residential mortgages	130,876	14	0.0%	89.0%	0.0%	92.1%	0.0%	94.6%
Consumer loans	9,685	30	0.3%	83.7%	0.3%	83.4%	0.3%	89.5%
Corporate loans	71,292	202	0.3%	73.0%	0.2%	72.3%	0.2%	85.3%
Other loans and advances customers	8,829		0.0%	99.3%	0.0%	99.3%	0.0%	98.8%
Total loans and advances customers	220,682	246	0.1%	83.2%	0.1%	84.4%	0.1%	91.0%
Stage 2								
Loans and advances banks	7		1.3%	0.1%	0.2%	0.0%	0.4%	0.0%
Residential mortgages	14,925	67	0.4%	10.2%	0.5%	7.1%	1.0%	4.7%
Consumer loans	1,424	88	6.2%	12.3%	5.7%	13.4%	7.5%	7.5%
Corporate loans	19,562	271	1.4%	20.0%	1.2%	21.8%	1.3%	9.3%
Other loans and advances customers	63		0.5%	0.7%	1.6%	0.7%	1.6%	1.1%
Total loans and advances customers	35,973	426	1.2%	13.6%	1.2%	12.8%	1.5%	6.4%
Stage 3								
Loans and advances banks				0.0%		0.0%		0.0%
Residential mortgages	1,182	64	5.4%	0.8%	6.3%	0.8%	6.2%	0.7%
Consumer loans	468	203	43.4%	4.0%	51.9%	3.2%	53.8%	3.0%
Corporate loans	6,784	2,626	38.7%	6.9%	33.9%	5.8%	32.4%	5.4%
Other loans and advances customers	3	3	100.0%	0.0%	100.0%	0.0%	100.0%	0.1%
Total loans and advances customers¹	8,437	2,896	34.3%	3.2%	30.4%	2.8%	29.6%	2.5%
Loans at fair value through P&L	1,228							
Fair value adjustments from hedge accounting	3,942							
Total loans and advances banks	5,413	4	0.1%		0.1%		0.1%	
Total loans and advances customers	270,263	3,569	1.3%		1.1%		0.9%	
Other balance sheet items ²	152,642	11	0.0%		0.0%		0.0%	
Total on-balance sheet	428,317	3,584	0.8%		0.7%		0.6%	
Irrevocable loan commitments and financial guarantee contracts	60,933	34	0.1%		0.4%		0.0%	
Other off-balance sheet items	5,868							
Total on- and off-balance sheet	495,118	3,618	0.7%		0.7%		0.5%	

¹ Excluding fair value adjustments from hedge accounting on loans and advances customers and loans at fair value through P&L.

² The allowances for credit losses excludes allowances for financial investments held at FVOCI (30 June 2020: EUR 1.4 million; 31 March 2020: EUR 1.4 million; 31 December 2019: EUR 1.3 million).

³ Gross carrying amount excludes fair value adjustments from hedge accounting.

⁴ The figures in column 31 March 2020 are not reviewed. This column is for comparison purposes only.

Exposure flow Reviewed

(in millions)	30 June 2020				31 December 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount of total loans and advances^{1,2}								
Balance at 1 January³	246,631	17,066	6,740	270,437	256,940	13,137	5,887	275,964
Transfer to stage 1	2,992	-2,978	-14		3,499	-3,456	-43	
Transfer to stage 2	-23,638	24,210	-573		-12,374	12,758	-384	
Transfer to stage 3	-1,550	-1,449	2,999		-1,521	-1,433	2,954	
Additional drawdowns and partial repayments	-6,409	915	581	-4,913	-21,333	-1,591	-540	-23,464
Originated or purchased	22,191			22,191	43,058			43,058
Matured or sold	-13,755	-1,727	-601	-16,084	-22,760	-2,284	-597	-25,640
Write offs			-633	-633			-608	-608
Foreign exchange	-374	-52	-43	-469	1,046	61	36	1,143
Other movements	-1	-4	-19	-25	75	-126	35	-15
Balance at end of period	226,088	35,981	8,437	270,505	246,631	17,066	6,740	270,437

¹ Excluding loans at fair value through P&L.

² Gross carrying amount excludes fair value adjustments from hedge accounting.

The stage ratios were significantly impacted by the measures ABN AMRO took in response to the economic impact of Covid-19 and falling oil prices. Total loans and advances remained fairly stable in H1 2020 while the exposure shifted from stage 1 to stage 2 as well as stage 3. ABN AMRO continued to closely monitor its credit portfolio to identify any significant increase in credit risk resulting from Covid-19. The increase of EUR 18.9 billion in stage 2 is primarily attributable to mortgage group (EUR 7.8 billion), Commercial Banking (EUR 7.0 billion) and to a lesser extent CIB (EUR 2.3 billion). Consequently, the stage 2 ratio rose sharply to 13.6% in Q2 2020 (31 December 2019: 6.4%).

The higher stage 2 exposure for residential mortgages related mainly to payment holidays and increased lifetime PD (LPD) due to the update of our macroeconomic scenarios.

The increase in stage 2 for Commercial Banking related to stage overrides. Due to the large number of clients, the identification process within CB was carried out by (sub)sector. For sectors that were identified as having a significantly increased credit risk, all clients were transferred to stage 2 by a management override, except for clients that chose to opt out of the automatic deferral of interest and principal payments.

As a result, a total exposure of approximately EUR 6 billion was transferred from stage 1 to stage 2 by a way of a management overlay on 30 June 2020, mainly in (sub) sectors within leisure, non-food retail and transportation.

For CIB, it was primarily individual assessments that resulted in a shift of stage 1 exposures to stage 2.

The coverage ratio in stage 2 decreased from 1.5% (31 December 2019) to 1.2% (30 June 2020) as a result of new inflow in stage 2 with a relatively lower coverage ratio. If measures related to the expected financial impact of Covid-19 are excluded, a deterioration of the underlying risk parameters (risk ratings, collateral) was observed for some of the portfolios. Since the start of the Covid-19 outbreak, all stage 3 exposures of CIB were re-evaluated individually, leading to significant increases in credit risk for stage 3 clients and therefore an increase in coverage ratio for stage 3 to 34.3% (31 December 2019: 29.6%). High provision coverage on new stage 3 exposure also contributed to the increase.

Loan impairment charges and allowances in the first six months Reviewed

First half 2020

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
Balance at 1 January 2020	5	140	298	1,982	6	2,431	16
Transfer to stage 1		-1	-3	-7		-11	
Transfer to stage 2		7	5	82		94	5
Transfer to stage 3		14	44	433		492	183
Remeasurements ¹	-2	-17	32	874	-1	886	-3
Changes in risk parameters	1	25	3	140	-1	169	11
Originated or purchased		3	4	20		27	2
Matured or sold loans		-12	-4	-28		-44	-5
Impairment charges (releases) on loans and advances	-1	19	81	1,515	-2	1,612	194
Write-offs		-8	-58	-567		-633	
Unwind discount / unearned interest accrued		1	-2	17		16	
Foreign exchange and other movements		-7	3	151		146	-177
Balance at 30 June 2020	4	144	321	3,100	3	3,573	34
Impairment charges (releases) on loans and advances	-1	19	81	1,515	-2	1,612	194
Credit related modifications				39		39	
Recoveries and other charges (releases)		-10	-22	-14		-45	13
Total impairment charges for the period	-1	9	60	1,541	-2	1,606	207

¹ Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

First half 2019

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
Balance at 1 January 2019	9	108	318	1,825	9	2,269	12
Transfer to stage 1		-3	-9	-19		-31	
Transfer to stage 2		-1	5	17		21	1
Transfer to stage 3		19	21	96		136	
Remeasurements ¹	-2	13	7	116	-1	133	3
Changes in risk parameters		3	6	14		22	2
Originated or purchased	2	2	5	16		26	5
Matured or sold loans	-4	-7	-2	-27		-41	-4
Impairment charges (releases) on loans and advances	-5	25	33	214	-1	265	6
Write-offs		-7	-71	-292		-370	
Unwind discount / unearned interest accrued		-12	1	13		3	
Foreign exchange and other movements	-1	-2	3	5		4	1
Balance at 30 June 2019	3	111	284	1,765	7	2,171	19
Impairment charges (releases) on loans and advances	-5	25	33	214	-1	265	6
Credit related modifications							
Recoveries and other charges (releases)		-9	-23	-12		-44	5
Total impairment charges for the period	-5	16	10	202	-1	221	11

¹ Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

(in millions)	30 June 2020				30 June 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowances on loans and advances								
Balance at 1 January	180	258	1,993	2,431	214	192	1,862	2,269
Transfer to stage 1	20	-29	-1	-11	30	-53	-9	-31
Transfer to stage 2	-48	173	-31	94	-20	68	-27	21
Transfer to stage 3	-9	-52	553	492	-2	-16	155	136
Remeasurements ¹	3	32	851	886	-59	-12	204	133
Changes in risk parameters	85	70	14	169	7	11	4	22
Originated or purchased	27			27	25			26
Matured or sold	-9	-16	-19	-44	-15	-9	-17	-41
Impairment charges (releases) on loans and advances	70	176	1,366	1,612	-33	-11	309	265
Write offs			-633	-633			-370	-370
Unwind discount / unearned interest accrued		-3	19	16			3	3
Foreign exchange and other movements	1	-6	151	146	-3	-2	9	4
Balance at 30 June	250	426	2,896	3,573	178	179	1,814	2,171
	First half 2020				First half 2019			
Impairment charges (releases) on loans and advances	70	176	1,366	1,612	-33	-11	309	265
Credit related modifications		33	7	39				
Recoveries and other charges (releases)			-45	-45			-44	-44
Total impairment charges for the period	70	209	1,328	1,606	-33	-11	265	221

¹ Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

ABN AMRO reported high impairment charges in H1 2020, due to three exceptional client files and significant provisioning for sectors immediately impacted by Covid-19 and oil prices.

Impairments relating to Covid-19 and oil price developments

A total amount of EUR 827 million related to the impact of Covid-19 and oil price developments. These include changes in the macroeconomic outlook, stage transfers due to a significant increase in credit risk and clients that made use of payment moratoria. In Q1 2020, ABN AMRO also applied management adjustments to coverage ratios in stage 2 and stage 3 for clients that are sensitive to oil price developments. Some of these management adjustments were reversed in Q2 2020. Furthermore, the deferral of interest and principal payments on client loans led to loss of compounded interest. More details can be found below.

- ▶ We adjusted our economic scenarios downward after the Covid-19 outbreak sent the world economy into a severe recession. The total impact on expected credit loss (ECL) in H1 2020 was EUR 180 million, including a management overlay in Q2 of EUR 97 million for

the CIB portfolio. This overlay was applied in stage 1 and stage 2 based on a benchmark model that was consistent with the baseline scenario.

- ▶ The identification of a significant increase in credit risk led to exposure collectively being transferred from stage 1 to stage 2, mainly in the leisure, non-food retail and transportation sectors within Commercial Banking and for the US energy exposure in CIB. The sector approach is being replaced by individual assessments, and as a consequence part of the portfolio is being transferred back to stage 1. The remainder was kept in stage 2 or, to a lesser extent, transferred to stage 3. The impact of these collective Covid-19-related stage transfers on impairment charges in H1 2020 was EUR 91 million. The individual assessments have been completed for CIB, and are ongoing for CB. As individual assessments are progressing, this may lead to further stage adjustments and hence changes in impairments.
- ▶ A total amount of EUR 523 million of impairment charges in stage 3 was directly linked to Covid-19 and oil price developments. Individual provisions for existing

stage 3 exposures were reviewed. In Q1 2020, the scenarios were adjusted for defaulted clients for whom a restructuring scenario had become less likely. In the second quarter, all CIB stage 3 clients were reassessed, and the assessment of the CB clients is ongoing.

- The deferral of interest and principal payments on client loans led to a loss of compounded interest amounting to EUR 33 million in stage 2.

We will continue to monitor our portfolio on an ongoing basis. At the time of reporting, there was still much uncertainty regarding the timing of the economic impact. In the event that risk parameters continue to deteriorate, this will have an impact on impairment charges.

Impairments relating to exceptional client files

A total amount of EUR 616 million related to the impact of three exceptional client files in H1 2020.

Impairments in the Clearing portfolio

As a result of unprecedented volumes and volatility in the financial markets following Covid-19, ABN AMRO Clearing recorded a large loss for one of its US clients. This client had a specific strategy, trading volatility as a pure asset class using US options and futures on the VIX and S&P index. Following extreme stress and dislocations in US markets, it incurred significant losses over a short timeframe and failed to meet the minimum risk and margin requirements. To prevent further losses, ABN AMRO Clearing decided to close-out the positions of this client. Although this loss was caused by an extraordinary combination of events, measures have been taken in Clearing to reduce the

risk of future losses similar in size and circumstances occurring.

Impairment event in the TCF portfolio

We had to record a significant impairment in Singapore due to a potential case of fraud in Q1. The client in question is active in terminals, shipping and trading, and ran into problems when oil prices fell and sales proceeds were delayed due to the economic slowdown. The company is suspected of keeping loss-making transactions outside its books. A large part of the total impairment pertained to off-balance items, such as guarantees and documentary credits.

Potential fraud case in Germany

In June a client in Germany filed for insolvency due to illiquidity and over-indebtedness. ABN AMRO was a passive bookrunner for a bond issued by the company in September 2019 and had a credit exposure that was subsequently sold in full.

Macroeconomic scenarios Reviewed

In line with the IFRS 9 standard, ABN AMRO calculates expected credit losses (ECL) as an unbiased probability weighted amount that includes past events, current conditions and a forecast of future economic conditions. As Covid-19 has negative consequences for the economic development in markets in which we operate, the macroeconomic outlook is impacting all of our portfolios. Expectations regarding economic development are formulated by Group Economics in their updated Covid-19 forecasts.

ECL scenarios and sensitivity on 30 June 2020

(in millions)	Weight	Macroeconomic variable	2020	2021	2022	2023	Unweighted ECL ⁴	Weighted ECL ⁴
Positive	15%	Real GDP Netherlands ¹	-3.9%	4.0%	2.8%	1.5%	601	
		Unemployment ²	4.2%	4.7%	3.6%	2.9%		
		House price index ³	8.0%	5.0%	4.0%	3.0%		
Baseline	60%	Real GDP Netherlands	-5.4%	2.8%	2.8%	1.7%	652	676
		Unemployment	4.5%	5.5%	4.8%	4.3%		
		House price index	6.0%	-2.0%	-3.0%	2.0%		
Negative	25%	Real GDP Netherlands	-7.8%	-1.7%	5.2%	1.2%	779	
		Unemployment	5.7%	9.3%	9.0%	8.0%		
		House price index	2.0%	-4.0%	-5.0%	-2.0%		

¹ Real GDP Netherlands, % change year-on-year.

² Unemployment Netherlands, % of labour force.

³ House price index Netherlands - average % change year-on-year.

⁴ Excluding ECL for stage 3.

ECL scenarios and sensitivity on 31 December 2019

(in millions)	Weight	Macroeconomic variable	2020	2021	2022	2023	Unweighted ECL ⁴	Weighted ECL ⁴
Positive	15%	Real GDP Netherlands ¹	3.2%	3.5%	3.2%	2.8%	358	
		Unemployment ²	3.0%	3.0%	2.9%	2.9%		
		House price index ³	9.7%	9.6%	7.3%	5.0%		
Baseline	60%	Real GDP Netherlands	0.9%	1.2%	1.6%	1.6%	418	438
		Unemployment	3.7%	4.0%	4.1%	4.1%		
		House price index	4.0%	3.0%	3.0%	3.0%		
Negative	25%	Real GDP Netherlands	-0.5%	0.0%	0.2%	0.8%	533	
		Unemployment	4.7%	6.0%	6.5%	6.8%		
		House price index	2.9%	-1.0%	-4.5%	-3.3%		

¹ Real GDP Netherlands, % change year-on-year.

² Unemployment Netherlands, % of labour force.

³ House price index Netherlands - average % change year-on-year.

⁴ Excluding ECL for stage 3.

We adjusted our economic scenarios downward after the Covid-19 outbreak sent the world economy into a severe recession. The economic outcomes of our scenarios depend on the length of the lockdown, the effectiveness of the fiscal and monetary measures taken to prop up the economy during the lockdown, the extent to which economic production can start up once the lockdown has been lifted and a new outbreak of the virus in the autumn, leading to a re-introduction of mild lockdown measures. These factors jointly determine both the length and depth of the aftermath of the crisis. In the baseline scenario we expect negative second-round effects (higher unemployment, tighter financial conditions, corporate defaults, supply chain disruptions) to appear in the fourth quarter of 2020, spilling over to 2021.

To provide an indication of the expected credit losses' sensitivity to the macroeconomic environment, the table shows the impact on ECL of applying a 100% weighting to each scenario. Stage 3 instruments are expected to be more sensitive to idiosyncratic factors and recovery than to changes in macroeconomic assumptions, and they have therefore not been included in the sensitivity analysis. Management overlays are included in the calculation of unweighted ECL for the amount applied in the weighted ECL.

Update on Covid-19 relief measures

Covid-19 and the subsequent lockdowns in the Netherlands and other countries in which we operate have had a significant impact on our clients and processes. In response to these developments, we took a number of measures to enable continued servicing of our clients. These measures included a virtual call center, working from home by employees, continued customer engagement and support via video banking, and providing clients with liquidity.

This section provides more details on the two primary relief measures we offered clients, i.e. deferral of interest and principal payments, and Covid-19 related credit facilities under public guarantee schemes. It also describes how these measures affect credit risk measurement.

Deferral of interest and principal payments on loans and advances

While terms and conditions varied by product and client group, two main programmes were started on 1 April 2020:

- ▶ Automatic (opt-out) deferral for 6 months for corporate clients with a credit limit up to EUR 50 million within Commercial Banking and Retail Banking.
- ▶ Deferral upon request (opt-in) for 3 months, including the option of extending the deferral period by an additional 3 months, for individuals -including self-employed professionals- with a mortgage loan or consumer loan.

Interest is charged on suspended payments of notional, but not on suspended interest payments. Repayment of revolving credit facilities will take place on or before 31 December 2021, but for corporate loans this will be no earlier than at the original maturity date. For clients that are in the opt-out programme individual assessments will take place in Q3 to determine whether additional measures will be necessary when the automatic deferral ends. The table below shows the number of clients and total amount of loans and advances for which a deferral of payment was granted.

30 June 2020

Gross carrying amount by residual maturity of the deferral

(in millions)	Number of clients	≤ 3 months	> 3 months & ≤ 6 months	> 6 months & ≤ 9 months	> 9 months & ≤ 12 months	> 12 months	Total
Retail Banking	38,900	1,895	1,740				3,635
Commercial Banking	47,277	70	17,528				17,598
Private Banking	468	63	587	53	2	7	713
Corporate & Institutional Banking	62	242	448				690
Total	86,707	2,270	20,304	53	2	7	22,637

Loans and advances subject to public guarantee schemes

Clients who face short-term financial difficulty due to Covid-19 and that have been operating on their credit facilities can apply for government supported loans based on the terms and conditions set by the local or central government. The guarantee covers a significant amount of the financial asset exposure. In return for the credit guarantee, the client pays a fee to ABN AMRO, which subsequently transfers the fee to the government (the credit guarantor). In the Netherlands these facilities include the SME Credit Guarantee Scheme ("BMKB-C") scheme, the Corporate Finance Guarantee Scheme

("GO-C") and the small credit facility ("Klein Krediet Corona" or KKC) for self-employed individuals. Similar facilities are offered in other countries in which we operate, most notably in France. As many corporate clients of ABN AMRO indicated that the automatic payment deferral provided them sufficient liquidity, the number of applications for additional credit has been relatively limited.

30 June 2020

(in millions)	Number of clients	Gross carrying amount by residual maturity of the guarantee				Total	Maximum amount of the guarantee that can be considered
		≤ 6 months	> 6 months & ≤ 12 months	> 1 year & ≤ 2 years	> 2 years		
Retail Banking							
Commercial Banking	454			16	40	56	46
Private Banking	106		63			63	57
Corporate & Institutional Banking							
Total	560		63	16	40	119	102

Impact of relief measures on credit risk measurement

The objective, scope and conditions of the relief measures co-determine how the regulatory framework should be applied in the context of these relief measures. Where relevant, application of the appropriate risk classification (e.g. forbearance, default or stage shifts) reflects supervisory guidance issued in the recent period.

Use of relief measures in determining SICR

ABN AMRO uses clearly defined triggers, most importantly 'unlikely-to-pay', 'days-past-due', and 'default', to assess whether a significant increase in credit risk (SICR) applies. Covid-19 and the relief measures we offered clients illustrate the limitations of determining SICR solely on the basis of predefined triggers. The various regulators have also indicated that application of classifications (e.g. SICR) should not be based on a purely technical approach. Payment deferrals and moratoria would potentially trigger SICR. ABN AMRO takes the view that opt-out relief measures offered to clients in response to Covid-19 do not automatically indicate a SICR. Opt-in requests, however, may be an indication of SICR, as it may suggest that the borrower needs the relief measure to avoid breaching its contractual obligations. This assessment is made at a client level. For clients who opt-in for the relief measure without showing any indication of financial difficulty, there is no SICR. Note that other SICR triggers could still impact the stage and result in a stage transfer for these loans.

Use of relief measures and forbearance

Under the current regulatory framework, the CRR and EBA Guidelines on Payment Moratoria, the opt-out arrangements do not lead to a forbearance classification. Opt-in relief measures are assessed individually, based on their individual scope and conditions. Forbearance applies to all individual clients with a liquidity need or facing financial difficulty who are offered a borrower-specific arrangement to provide them with sufficient liquidity to become financially healthy again. Discussions with regulators on the relation between relief measures and forbearance are ongoing and may result in further refinement of our risk classifications.

Modification due to relief measures

The relief measures provided by ABN AMRO, including payment moratoria, may result in a modification of the financial asset. The deferred collection of payments without charging compound interest on the delay will have a negative impact on the net present value of the financial asset. If the financial asset is modified, the gross carrying amount of the financial asset is recalculated, based on the net present value of the modified or renegotiated contractual cash flows. It is then discounted at the financial asset's original effective interest rate and accounted for as an adjustment of the financial asset's gross carrying value. The effect is recognised as a modification loss in the income statement. As Covid-19 related relief measures have not resulted in substantial modification, the financial assets have not been derecognised.

Market risk

Market risk in banking book

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

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

Interest rate risk metrics

	30 June 2020	31 December 2019
NII-at-risk (in %)	-0.7	-1.0
PV01 (in EUR million)	-4.3	-7.0

NII-at-Risk is the difference in net interest income (NII) between a base scenario and four alternative scenarios. It is defined as the worst outcome of the following scenarios: gradual increase or decrease in interest rates by 200bps and instantaneous increase or decrease of 100bps. All scenarios are measured over a time horizon of one year. NII-at-Risk covers all expected cash flows, including commercial margins and other spread components, from interest-rate-sensitive assets and liabilities and off-balance sheet items in the banking book. NII-at-Risk figures of June 2020 are calculated assuming balance sheet developments in line with corporate planning. Previously portfolio volumes were assumed to be static. Floors on markets rates and specific products are applied. The interest rate floors define how low ABN AMRO assumes interest rates to go and consequently impact the downward scenarios used in NII-at-Risk. ABN AMRO periodically reviews the level of these interest rate floors. The NII-at-Risk in June 2020 increased to -0.7% reflecting a reduction of NII in the scenario of a gradual decrease in interest rates by 200bps. The scenario with the worst outcome for NII differs from December 2019, which was

an instantaneous decrease of interest rates by 100bps. The most positive NII occurs for the scenario where interest rates rise gradually by 200bps in which NII would increase from 5.6% to 6.1%.

In 2019, ABN AMRO switched from using duration of equity to PV01 as the main metric for managing the interest rate risk from a value perspective. PV01 measures value changes resulting from a 1bp parallel shift of the yield curve. For internal risk management, shocks on individual maturities and larger shocks are also applied. PV01 exposure decreased by EUR 2.7 million over the first half of the year 2020. This decrease was caused by several developments in both markets and the balance sheet (e.g. increase in saving deposits), which were partly the result of Covid-19 developments. ABN AMRO actively manages interest rate risk measures to ensure it stays within its risk appetite.

Market risk in trading book

Internal aggregated diversified and undiversified VaR for all trading positions

(in millions)	30 June 2020		31 March 2020		31 December 2019	
	Diversified	Undiversified	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	2.6	2.8	3.4	4.6	0.9	1.4
Highest VaR	3.5	4.7	3.4	4.6	2.4	4.9
Lowest VaR	0.7	0.9	0.7	0.9	0.6	0.9
Average VaR	1.5	2.0	1.2	1.7	1.1	1.9

The average 1-day Value at Risk (VaR) moved from EUR 1.1 million to EUR 1.5 million, comparing the four quarters ending on 31 December 2019 to those ending on 30 June 2020. In the same period, the highest 1-day VaR moved from EUR 2.4 million to EUR 3.5 million.

Market Risk RWA

Market risk RWA increased to EUR 1.9 billion, (31 December 2019: EUR 1.4 billion), due to the following:

- ▶ The 60-day average of the 1-day VaR moved from EUR 1.1 million to EUR 2.4 million due to market stress observed in March 2020 related to Covid-19, which added severe scenarios to the 300-day rolling window used for VaR calculations.
- ▶ The incremental risk charge (IRC) moved from EUR 44 million to EUR 74 million due to position changes.
- ▶ The IRC further moved from EUR 74 million to EUR 81 million due to the IRC add-on moving from 15% to 26%.

The above causes for the market risk RWA increase were partially offset by the 60-day average of the 1-day stressed VaR moving from EUR 5.8 million to EUR 5.0 million due to position changes.

ABN AMRO received approval from the ECB to apply CRR article 500c, which allows the ECB to ignore the six Covid-19 related overshootings that occurred in March 2020. As a result, the capital multiplier, which increased from 3 to 3.5 in March 2020 as a result of the overshootings, moved back to 3 as of 30 June 2020.

Liquidity risk

Highlights

- ▶ The consolidated LCR amounted to 133% at the end of June 2020, based on a 12-month rolling average.
- ▶ The LtD ratio amounted to 109% at the end of June 2020, down from 114% at year-end 2019. This decrease was mainly attributable to increased savings during the lockdown period.
- ▶ The liquidity buffer at the end of June 2020 totalled EUR 107.6 billion and was composed mainly of cash at central banks and government bonds. Compared to year-end 2019, the liquidity buffer increased by EUR 27.1 billion, reflecting our increased participation in TLTRO.
- ▶ TLTRO participation was extended and increased by EUR 24 billion in order to further support clients with potential future liquidity needs resulting from Covid-19.

Liquidity indicators

	30 June 2020	31 December 2019
Available liquidity buffer (in billions) ¹	107.6	80.5
Survival period (moderate stress)	> 12 months	> 12 months
LCR ²	133%	134%
NSFR	>100%	>100%
Loan-to-Deposit ratio	109%	114%

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

² Consolidated LCR based on a 12-month rolling average.

Liquidity buffer composition

(in billions)	30 June 2020		31 December 2019	
	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits ¹	53.6	53.6	25.1	25.1
Government bonds	37.0	37.2	35.1	35.7
- of which green bonds	0.4	0.4	0.3	0.3
Covered bonds	3.3	3.1	3.2	3.0
- of which green bonds	0.1	0.1	0.1	0.1
Retained issuances ²	5.8		9.6	
Other	8.0	8.1	7.5	7.6
Total liquidity buffer	107.6	102.0	80.5	71.4

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

² Contains retained RMBS and Covered Bonds.

Funding

Highlights

Total wholesale funding instruments increased to EUR 115.2 billion at 30 June 2020 (31 December 2019: EUR 94.0 billion). The increase primarily reflects a EUR 24 billion increase in TLTRO participation, partly offset by a decrease in senior preferred funding and commercial paper. Subordinated liabilities decreased due to redemptions of Tier 2 instruments at call date.

- ▶ Long-term funding raised in H1 2020 included EUR 2.5 billion in senior non-preferred funding, EUR 2.0 billion in covered bonds, EUR 1.0 billion in Additional Tier 1 capital and EUR 0.6 billion in senior preferred funding. The AT1 is an eligible own funds instrument and is reported on in the Capital management section.

Main types of wholesale funding

(in millions)	30 June 2020	31 December 2019
Total Commercial Paper/Certificates of Deposit	13,471	14,666
Covered bonds	34,686	34,014
Secured funding (long term)	34,686	34,014
Senior preferred (medium-term notes)	22,908	26,595
- of which green bonds	2,052	2,542
Senior non-preferred	2,515	
Unsecured funding (long term)	25,424	26,595
Total issued debt	73,580	75,275
Subordinated liabilities	8,685	10,041
Other long-term funding ¹	32,933	8,733
Total funding instruments²	115,199	94,049
- of which matures within one year	23,848	28,822

¹ Includes long-term repos (recorded in securities financing), TLTRO funding (recorded in due to banks) and funding with the Dutch State as counterparty (recorded in due to customers).

² Includes FX effects, fair value adjustments and interest movements.

Maturity calendar at 30 June 2020

- ▶ Targeted long-term refinancing operations III (TLTRO III) is reported at the legal maturity of three years.
- ▶ For other funding, the maturity calendar assumes redemption on the earliest possible call date or the legal maturity date. Early redemption of subordinated instruments occurs only after approval by the regulators.

(notional amounts, in billions)	30 June 2020											Total
	2020 ²	2021	2022	2023	2024	2025	2026	2027	2028	2029	≥ 2030	
Covered bonds	0.4	2.4	2.7	1.9	1.8	0.5	1.6	0.6	0.7	0.4	17.4	30.5
Senior preferred	1.8	7.6	4.5	2.4	1.8	2.9	0.8	0.2	0.1		0.4	22.6
Senior non-preferred						1.3		1.3				2.5
Subordinated liabilities	0.1	1.5	1.5	2.4		1.3	0.9				0.3	8.1
Other long-term funding ¹	0.2	0.3		32.2			0.3	0.2				33.1
Total long-term funding	2.5	11.8	8.8	39.0	3.6	6.0	3.6	2.3	0.7	0.4	18.0	96.8

	31 December 2019											Total
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	≥ 2030	
Total long-term funding	14.1	16.0	8.5	6.8	3.6	4.2	3.6	1.0	0.7	0.5	16.0	74.9

¹ Other long-term funding includes TLTRO III and funding with the Dutch State as counterparty.

² Includes funding that matures in the rest of 2020.

Capital management

Regulatory capital structure

(fully-loaded, in millions)	30 June 2020	31 March 2020	31 December 2019
Total equity (EU IFRS)	21,602	20,737	21,471
Dividend reserve	-639	-639	-668
AT1 capital securities (EU IFRS)	-2,976	-1,983	-1,987
Regulatory and other adjustments	1,367	1,201	1,097
Common Equity Tier 1	19,355	19,315	19,913
AT1 capital securities	2,976	1,983	1,987
Regulatory and other adjustments		-1	-5
Tier 1 capital	22,330	21,298	21,895
Subordinated liabilities (EU IFRS)	8,685	10,347	10,041
Regulatory and other adjustments	-3,522	-3,541	-3,505
Tier 2 capital	5,163	6,806	6,536
Total regulatory capital	27,493	28,105	28,431
Total risk-weighted assets	112,057	111,704	109,825
Exposure measure (under CDR)			
On-balance sheet exposures	424,733	405,903	375,054
On-balance sheet netting	7,757	8,360	8,275
Off-balance sheet exposures	91,122	113,202	104,154
Other regulatory measures	-6,188	-7,563	-3,174
Exposure measure	517,424	519,902	484,309
Impact CRR2 (incl. SA-CCR)	-56,333	-78,585	-64,752
Exposure measure (incl. CRR2)	461,091	441,318	419,557
Capital ratios			
Common Equity Tier 1 ratio	17.3%	17.3%	18.1%
Tier 1 ratio	19.9%	19.1%	19.9%
Total capital ratio	24.5%	25.2%	25.9%
Leverage ratio (CDR)	4.3%	4.1%	4.5%
Leverage ratio (incl. CRR2)	4.8%	4.8%	5.2%

MREL

(fully-loaded, in millions)	30 June 2020	31 March 2020	31 December 2019
Regulatory capital	27,493	28,105	28,431
Other MREL eligible liabilities ¹	4,268	4,066	2,885
Total MREL eligible liabilities	31,761	32,170	31,316
Total risk-weighted assets	112,057	111,704	109,825
MREL ²	28.3%	28.8%	28.5%

¹ Other MREL eligible liabilities consists of subordinated liabilities and senior non-preferred notes that are not included in regulatory capital.

² MREL is calculated as total regulatory capital plus other MREL eligible subordinated liabilities divided by total risk-weighted assets.

Developments impacting capital ratios

Despite a small loss in Q2 2020, Common Equity Tier 1 (CET1) capital increased slightly, mainly reflecting diminished volatility in the financial markets resulting in a lower amount of additional value adjustments for assets measured at fair value which should be deducted from CET1 capital under the Capital Requirements Regulation (CRR). Total RWA increased to EUR 112.1 billion at 30 June 2020 (31 March 2020: EUR 111.7 billion). At 30 June 2020, the CET1, Tier 1 and total capital ratios were 17.3%, 19.9% and 24.5% respectively (31 March 2020: 17.3%, 19.1% and 25.2% respectively). All capital ratios were in line with the bank's risk appetite and were comfortably above regulatory minimum requirements.

In response to Covid-19, the ECB and DNB announced a number of capital relief measures in March 2020 to support banks in serving the economy and addressing operational challenges. The ECB brought forward changes in CRDV, allowing banks to use Additional Tier 1 and Tier 2 to satisfy parts of the Pillar 2 requirements. DNB lowered the systemic risk buffer for ABN AMRO from 3% to 1.5% and the OSII from 2% to 1.5%. As a result, the Maximum Distributable Amount (MDA) trigger level has been temporarily reduced to 9.6%. In the future, DNB is expected to gradually increase the counter-cyclical capital buffer to 2% of Dutch risk-weighted exposures. In response to Covid-19, CRR2 was amended in June to ensure that banks can employ their capital where necessary. The most significant change for ABN AMRO is the earlier application of the extended SME support factor, which is expected to be implemented in the coming quarters and would provide up to EUR 1.5 billion RWA relief.

The CET1 capital target range under Basel III is 17.5-18.5%, consisting of a Basel IV implementation buffer on top of the (former) SREP capital requirement, the Pillar 2 guidance and a management buffer. The reported CET1 ratio of 17.3% is considerably above the MDA trigger level. While ABN AMRO has fallen modestly below its target range of 17.5-18.5%, the bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times.

Compared with Q1 2020, the CET1 ratio remained fairly stable as the EUR 0.4 billion increase in RWA was offset by a slight increase in capital. The increase in RWA

reflected an increase in credit risk, which was driven by the new definition of default (+ EUR 2.1 billion) and model updates (+ EUR 0.9 billion), and partly offset by business developments (- EUR 1.8 billion) and higher allowances (- EUR 0.5 billion). Compared to the previous quarter, operational risk decreased by EUR 0.5 billion, in line with the declining trend of operational losses. Market risk RWA declined EUR 0.2 billion due to a lower capital multiplier and position changes, which is further explained in the Market risk section.

Since Q4 2018, we have recorded approximately EUR 13 billion for add-ons to RWA in anticipation of TRIM and model reviews. ABN AMRO received some preliminary TRIM feedback and, since Q4 2018, we have already included some add-ons in our RWA to reflect preliminary TRIM feedback. In response to Covid-19, the final TRIM letter has been postponed to no earlier than Q3 2020. Although TRIM has been delayed, EUR 2.1 billion was recorded in Q2 2020 in relation to the guidelines for harmonising the definition of default (DoD) reflecting a model add-on and portfolio migration under the new definition. We expect a substantial further impact from TRIM in the second half of 2020, which will further increase our Basel III RWA and will likely impact our Basel IV constrained-IRB RWA. The risk weight floor for mortgages announced by DNB, which will further increase RWA for mortgages, has been postponed until further notice. While the introduction of DoD affects RWA under Basel IV, TRIM and model reviews, including the risk weight floor announced by DNB, are not expected to materially impact Basel IV fully-loaded RWA, as the output floor will likely be a constraint for us.

We also continue to expect regulatory capital headwinds from the industry-wide non-performing exposure (NPE) guidance and minimum coverage levels for the existing stock of NPEs expected by the supervisor. In Q2 2019, we recorded a supervisory capital deduction of around EUR 0.2 billion. During the phase-in from 2020 to 2024, we estimate that the combined annual impact of NPE regulations will be of a similar order of magnitude. The materialisation of the CIB review may result in a lower impact while the effect of recalibrations based on Covid-19 and recent impairments is still uncertain. We are working on mitigating actions aimed at increasing NPE velocity by

intensifying management attention for clients in FR&R and realising potential NPE divestments subject to market conditions.

The BIS has announced that Basel IV will be delayed until January 2023, while a draft text for EU implementation is expected at the end of this year. The introduction of the new definition of default in Q2 2020 also affected RWA under Basel IV RSA as clients migrated to default as a consequence of the new definition. The estimated fully-loaded Basel IV CET1 ratio was around 14% as at 30 June 2020. Basel IV calculations are subject to uncertainties stemming from EU implementation of Basel IV, data limitations, management actions and other portfolio developments. The first effects of measures implemented to mitigate Basel IV inflation are visible in the RWA, and we are continuing to work on further mitigations which were expected to mitigate a further 20% of the Basel IV RWA inflation prior to the CIB review. We are well positioned to meet our Basel IV CET1 target of at least 13.5% early in the phase-in period.

Dividend

When ABN AMRO published its Q4 2019 results, it proposed a final cash dividend of EUR 639 million or EUR 0.68 per share. Meanwhile, ABN AMRO has taken notice of the recommendation of the European Central Bank (ECB) to credit institutions under ECB supervision to conserve capital and refrain from making dividend payments and perform share buy-backs until at least 1 January 2021, in order to support the economy in an environment of heightened uncertainty caused by Covid-19. The ECB will further evaluate the economic situation and will consider whether further suspension of dividends is advisable after 1 January 2021.

We are committed to resuming dividends and returning excess capital over time, when conditions allow. We will follow the ECB's recommendation and not distribute capital (including the final dividend for 2019) until 2021 at the earliest. Capital distribution will be conditional on a reassessment at that time. Until a decision has been made, the final dividend for 2019 will not be included in the CET1 capital. The payment of AT1 coupon is not affected by the decision regarding the final dividend for 2019, as the CET1 ratio is well above the MDA trigger level and there are no constraints in availability of distributable

items (EUR 17.5 billion). Given its net loss over the first half of 2020 and the ECB's recommendation on dividend, ABN AMRO will not pay an interim dividend in August 2020.

Besides these developments, our dividend policy remains unchanged for now and a reassessment will be part of the updated capital framework. During 2020, interim profits attributable to owners of the parent company will not be accrued to CET1 capital. However, this did not apply to ABN AMRO in the first half of 2020, when a loss was incurred which was accrued to CET1 capital.

Updated capital framework

We recognise the importance of distributions to shareholders and want these to be sustainable. ABN AMRO is strongly capitalised and well positioned to manage the transition through TRIM and Basel IV. The CIB review further strengthens this position and the future outlook. However, we are currently also encountering multiple uncertainties with regard to the economic outlook, TRIM timing and impact, Basel IV, the potentially temporary nature of regulatory easing, the ECB's recommendation on dividend, NPE guidance, and the AML investigation. In light of these considerations and uncertainties, ABN AMRO will present an updated capital framework at the Investor Update in November 2020.

Leverage ratio

The Capital Requirements Regulation (CRR) introduced a non-risk-based leverage ratio, which is expected to become a binding measure with effect from 1 January 2021. Based on the currently applicable rules (i.e. CEM methodology), the leverage ratio increased to 4.3% (31 March 2020: 4.1%) mainly reflecting the AT1 issuance in May 2020 partly offset by an increased balance sheet due to our TLTRO participation.

The CRR is expected to amend the rules for calculating the exposure measure by mid-2021, including the use of the SA-CCR calculation methodology for clearing guarantees. ABN AMRO estimates that the cumulative CRR2 adjustments, including the use of SA-CCR, is expected to lower the exposure measure by approximately EUR 56.3 billion, improving the fully-loaded leverage ratio by another 0.5 percentage points. At 30 June 2020, the fully-loaded leverage ratio remained fairly stable at 4.8% based on SA-CCR (31 March 2020: 4.8%) mainly reflecting

the AT1 issuance in May 2020 offset by a lower SA-CCR impact and an increased balance sheet due to our TLTRO participation. In June, CRR2 was amended making it more beneficial to exclude central bank reserves from the exposure measure. Based on Q2 figures, this could potentially improve the fully-loaded leverage ratio by another 0.6 percentage points.

Going forward, ABN AMRO will monitor and report the leverage ratio based on currently applicable rules as well as CRR2, and we expect the leverage ratio to remain above the anticipated regulatory requirements.

MREL

Based on our current interpretation of the latest MREL framework, but subject to further changes and SRB guidance, our preliminary MREL ambition is approximately 27% of RWA by 2022, based on own funds, subordinated

instruments and senior non-preferred notes. Based on these instruments, MREL was 28.3% as at 30 June 2020 (31 March 2020: 28.8%). The bank issued its first tranche of EUR 1.25 billion in senior non-preferred notes in January 2020 and its second tranche of EUR 1.25 billion was issued in May 2020. Compared to Q1 2020, MREL declined mainly due to the increase in RWA, the redemption of a EUR 1.5 billion Tier 2 instrument at 30 June 2020, and a EUR 1.2 billion grandfathered Tier 2 instrument which was no longer eligible for MREL as of April 2020 because it matures within a year.

In response to Covid-19, the Single Resolution Board (SRB) intends to take a "forward-looking approach" to existing MREL binding targets before new decisions take effect as part of the 2020 resolution cycle (i.e. BRRD2 MREL targets). However, it is not yet clear how this will affect the MREL requirement for ABN AMRO.

Responsibility statement

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

- ▶ The Condensed consolidated Interim Financial Statements for the six month period ending on 30 June 2020 give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Bank N.V. and the companies included in the consolidation; and
- ▶ The Interim Report for the six month period ending on 30 June 2020 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 Bank N.V. and the companies included in the consolidation.

Amsterdam, 11 August 2020

The Executive Board

Robert Swaak, Chief Executive Officer and Chairman

Clifford Abrahams, Chief Financial Officer and Vice-Chairman

Tanja Cuppen, Chief Risk Officer

Christian Bornfeld, Chief Innovation & Technology Officer

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

Condensed consolidated income statement

(in millions)	Note	First half 2020	First half 2019
Income			
Interest income calculated using the effective interest method		4,026	4,889
Other interest and similar income		130	205
Interest expense calculated using the effective interest method		1,057	1,732
Other interest and similar expense		59	107
Net interest income		3,041	3,254
Fee and commission income ¹		1,218	1,081
Fee and commission expense ¹		405	254
Net fee and commission income		813	827
Net trading income		41	8
Share of result in equity accounted investments		8	14
Other operating income		5	301
Operating income	4	3,909	4,403
Expenses			
Personnel expenses		1,059	1,122
General and administrative expenses		1,299	1,391
Depreciation and amortisation of tangible and intangible assets		141	123
Operating expenses	5	2,499	2,636
Impairment charges on financial instruments		1,814	231
Total expenses		4,312	2,868
Profit/(loss) before taxation		-404	1,535
Income tax expense	6	-4	363
Profit/(loss) for the period		-400	1,172
<i>Attributable to:</i>			
Owners of the parent company		-400	1,172
Earnings per share (in euros)			
Basic earnings per ordinary share ^{2,3}		-0.48	1.19

¹ Comparative figures for 2019 have been restated. For additional information, please refer to Note 1 Accounting policies.

² Earnings per share consist of profit for the period excluding results attributable to non-controlling interests and payments to holders of AT1 instruments divided by the average outstanding and paid-up ordinary shares.

³ As a result of the merger of ABN AMRO Group N.V. and ABN AMRO Bank N.V. the numbers of shares have been adjusted for comparison reasons by aligning the numbers of shares of ABN AMRO Bank N.V. to the number of shares of ABN AMRO Group N.V.

Condensed consolidated statement of comprehensive income

(in millions)	First half 2020	First half 2019
Profit/(loss) for the period	-400	1,172
Other comprehensive income:		
Items that will not be reclassified to the income statement		
(Un)realised gains/(losses) on Liability own credit risk	15	4
Items that will not be reclassified to the income statement before taxation	15	4
Income tax relating to items that will not be reclassified to the income statement	3	1
Items that will not be reclassified to the income statement after taxation	12	3
Items that may be reclassified to the income statement		
(Un)realised gains/(losses) currency translation	-35	28
(Un)realised gains/(losses) fair value through OCI	-130	-11
(Un)realised gains/(losses) cash flow hedge	-345	-581
Share of other comprehensive income of associates reclassified to the income statement	-12	18
Items that may be reclassified to the income statement before taxation	-522	-546
Income tax relating to items that may be reclassified to the income statement	-104	-133
Items that may be reclassified to the income statement after taxation	-418	-413
Total comprehensive income/(expense) for the period after taxation	-806	762
Attributable to:		
Owners of the parent company	-806	762

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2020	31 December 2019
Assets			
Cash and balances at central banks		55,914	27,558
Financial assets held for trading	7	3,397	1,137
Derivatives	8	7,629	5,730
Financial investments	9	49,081	45,277
Securities financing	10	27,130	14,905
Loans and advances banks	12	5,409	5,011
Residential mortgages	13	150,121	150,880
Consumer loans	13	11,255	11,997
Corporate loans at amortised cost	13	95,197	97,174
Corporate loans at fair value through P&L	13	1,223	1,261
Other loans and advances customers	13	8,899	6,292
Equity accounted investments		638	639
Property and equipment		1,575	1,706
Goodwill and other intangible assets	14	138	178
Assets held for sale	15	71	14
Tax assets		1,518	764
Other assets		5,541	4,530
Total assets		424,733	375,054
Liabilities			
Financial liabilities held for trading	7	1,281	675
Derivatives	8	9,586	6,505
Securities financing	10	18,933	8,234
Due to banks	16	39,908	12,785
Current accounts	17	103,338	91,900
Demand deposits	17	116,165	120,892
Time deposits	17	25,057	21,232
Other due to customers	17	1,131	967
Issued debt	18	73,580	75,275
Subordinated liabilities	18	8,685	10,041
Provisions	19	867	983
Tax liabilities		66	63
Other liabilities		4,534	4,030
Total liabilities		403,131	353,582
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		6,542	6,993
Accumulated other comprehensive income		-1,825	-1,419
AT1 capital securities		2,976	1,987
Total equity		21,602	21,471
Total liabilities and equity		424,733	375,054
Committed credit facilities	20	54,057	54,673
Guarantees and other commitments	20	12,744	17,479

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company	AT1 Capital securities	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	800	4,041	13,125	-906	2,311	1,986	21,357	2	21,360
Total comprehensive income				-410	1,172		762		762
Transfer			2,311		-2,311				
Dividend			-752				-752		-752
Increase/(decrease) of capital									
Paid interest on AT1 capital securities			-53				-53		-53
Capital restructuring	140	8,929	-9,069						
Other changes in equity								-2	-2
Balance at 30 June 2019	940	12,970	5,563	-1,316	1,172	1,986	21,314		21,314
Balance at 1 January 2020	940	12,970	4,947	-1,419	2,046	1,987	21,471		21,471
Total comprehensive income				-406	-400		-806		-806
Transfer			2,046		-2,046				
Dividend									
Increase/(decrease) of capital						988	988		988
Paid interest on AT1 capital securities			-52				-52		-52
Other changes in equity			1				1		1
Balance at 30 June 2020	940	12,970	6,941	-1,825	-400	2,976	21,602		21,602

On 11 June 2020 ABN AMRO Bank N.V. issued new AT1 Capital Securities worth EUR 1.0 billion. The amount raised was EUR 992 million after deduction of all issuance-related expenses. The new AT1 Capital Securities are undated, deeply subordinated and have a coupon of 4.375%. The total increase of EUR 992 million resulting from the issue of AT1 Capital Securities was offset by EUR 4 million related to limited purchases, which are performed for market making purposes.

Due to Covid-19, the ECB issued a recommendation to conserve capital and refrain from making any dividend payments and share buy-backs until at least 1 January 2021. ABN AMRO Bank N.V. is complying with the recommendation of the ECB. When ABN AMRO published its Q4 2019 results, it proposed a final cash dividend of EUR 639 million or EUR 0.68 per share. This proposed dividend is subject to approval at the annual general meeting and hence cannot be considered as declared dividend. For more information, please refer to the Capital management section.

Specification of accumulated other comprehensive income is as follows:

(in millions)	Remeasurements on post-retire- ment benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 January 2019	-6	6	286	-1,162	15	-45	-906
Net gains/(losses) arising during the period		28	3	-512	18	4	-459
Less: Net realised gains/(losses) included in income statement			13	70			83
Net gains/(losses) in equity		28	-11	-581	18	4	-542
Related income tax		7	-19	-121		1	-132
Balance at 30 June 2019	-6	28	294	-1,623	33	-42	-1,316
Balance at 1 January 2020	-20	81	177	-1,648	32	-41	-1,419
Net gains/(losses) arising during the period		-35	-120	-295	-12	15	-448
Less: Net realised gains/(losses) included in income statement			10	50			60
Net gains/(losses) in equity		-35	-130	-345	-12	15	-507
Related income tax			-28	-77		3	-101
Balance at 30 June 2020	-20	46	75	-1,917	20	-29	-1,825

Accumulated other comprehensive income declined by EUR 406 million in H1 2020 (H1 2019: a decline of EUR 410 million). The cashflow hedge reserve had the largest impact on accumulated other comprehensive income, causing a total decline of EUR 269 million. The change in the cashflow hedge reserve was mostly attributable to declining global interest rates. The fair value reserve caused a further decline of EUR 102 million, which was mostly attributable to an increase in credit spreads of various financial investments at FVOCI compared with the benchmark interest rate.

Condensed consolidated statement of cash flows

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

(in millions)	Note	First half 2020	First half 2019
Profit/(loss) for the period		-400	1,172
Adjustments on non-cash items included in profit:			
(Un)realised gains/(losses)		57	143
Share of profits in associates and joint ventures	4	-8	-14
Depreciation and amortisation of tangible and intangible assets ¹	5	141	123
Impairment charges on financial instruments ¹		1,814	231
Income tax expense	6	-4	363
Tax movements other than taxes paid & income taxes		-11	-3
Other non-cash adjustments ¹		166	292
Operating activities			
Changes in:			
- Assets held for trading		-2,255	-1,190
- Derivatives - assets		-2,023	-478
- Securities financing - assets		-12,446	-8,608
- Loans and advances banks		340	-75
- Residential mortgages		746	432
- Consumer loans		658	198
- Corporate loans ²		760	-5,010
- Other loans and advances customers		-2,637	478
- Other assets		-1,079	-2,064
- Liabilities held for trading		603	832
- Derivatives - liabilities		2,984	569
- Securities financing - liabilities		10,823	5,042
- Due to banks		27,039	3,073
- Due to customers		10,821	8,884
Net changes in all other operational assets and liabilities		371	332
Dividend received from associates and private equity investments		11	47
Income tax paid		-649	-742
Cash flow from operating activities		35,825	4,026

continued >

Condensed consolidated Interim Financial Statements 2020

(in millions)	Note	First half 2020	First half 2019
Investing activities			
Purchases of financial investments		-9,329	-5,187
Proceeds from sales and redemptions of financial investments		5,901	3,551
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures		-5	432
Divestments of subsidiaries (net of cash sold), associates and joint ventures		1	154
Purchases of property and equipment		-108	-176
Proceeds from sales of property and equipment		39	60
Purchases of intangible assets		-3	-36
Proceeds from sales of intangible assets			-2
Other changes			-2
Cash flow from investing activities		-3,506	-1,205
Financing activities:			
Proceeds from the issuance of debt		18,180	14,417
Repayment of issued debt		-20,344	-22,432
Proceeds from subordinated liabilities issued		10	5
Repayment of subordinated liabilities issued		-1,524	-28
Proceeds from other borrowing		988	
Dividends paid to the owners of the parent company			-752
Interest paid AT1 capital securities		-52	-53
Payment of lease liabilities		-37	-16
Cash flow from financing activities		-2,780	-8,859
Net increase/(decrease) of cash and cash equivalents		29,539	-6,038
Cash and cash equivalents as at 1 January ²		28,445	37,789
Effect of exchange rate differences on cash and cash equivalents		-6	7
Cash and cash equivalents as at 30 June²		57,978	31,759
Supplementary disclosure of operating cash flow information			
Interest paid		1,057	3,502
Interest received		4,026	6,522
Dividend received excluding associates		11	10

¹ The Condensed consolidated statement of cash flows has been refined, in order to create more alignment between the Condensed consolidated statement of cash flows and the Condensed consolidated income statement.

² The comparative figures for corporate loans as at 30 June 2019 have been adjusted by EUR 0.2 billion. The comparative figures for cash and cash equivalents as at 1 January 2019 have been adjusted by EUR 0.1 billion and by EUR 0.3 billion at 30 June 2019.

(in millions)	30 June 2020	30 June 2019
Cash and balances at central banks	55,914	30,542
Loans and advances banks (less than 3 months) ¹	2,065	1,217
Total cash and cash equivalents¹	57,978	31,759

¹ Loans and advances banks with an original maturity of 3 months or more is included in Loans and advances banks.

Notes to the Condensed consolidated Interim Financial Statements

1 Accounting policies

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

Corporate information

ABN AMRO Bank N.V. (referred to as ABN AMRO Bank, ABN AMRO or the parent company) provides financial services in the Netherlands and abroad together with its consolidated group of entities. ABN AMRO Bank is a public limited liability company, incorporated under Dutch law on 9 April 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands (Chamber of Commerce number 34334259).

The Condensed Consolidated Interim Financial Statements of ABN AMRO Bank N.V. for the six months ending on 30 June 2020 include financial information of ABN AMRO Bank N.V., its controlled entities, interests in associates and joint ventures. The Condensed Consolidated Interim Financial Statements were prepared by the Executive Board and authorised for issue by the Supervisory Board and Executive Board on 11 August 2020.

Basis of preparation

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

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Bank's 2019 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies applied in the Condensed Consolidated Interim Financial Statements are the same as those applied in the 2019 Consolidated Annual Financial Statements of ABN AMRO Bank, except for the amendments explained in the Changes in accounting policies section.

The Condensed Consolidated Interim Financial Statements are prepared under the going concern assumption and presented in euros, which is the functional and presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Change in accounting

The following changes have been made relating to prior periods.

Presentation of fee and commission income and expense

In 2019, ABN AMRO changed the presentation of fee and commission income and expenses related to pass-through fees resulting from clearing activities in the United States. The change in presentation does not have an impact on net fee and commission income.

Due to the change, the comparative fee and commission income and expenses for the first half of 2019 decreased by EUR 472 million.

Changes in accounting policies

Please note that only the amendments applicable to ABN AMRO are included. For a full description of the amendments, please refer to the the 2019 Consolidated Annual Financial Statements.

New amendments effective and endorsed

During the first half of 2020, the following amendments were endorsed by the EU and adopted for the reporting period starting on 1 January 2020.

- ▶ Amendments to IAS 1 – Revised Conceptual Framework for Financial Reporting
- ▶ Amendments to IAS 1, IAS 8 – Definition of Material
- ▶ Amendments to IAS 16 – Property, Plant and Equipment
- ▶ Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
- ▶ Amendments to IFRS 3 – Business combinations
- ▶ Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

Adoption of these amendments does not have a material impact on profit or loss, or on the statement of financial position.

New amendments effective but not yet endorsed

During the first half of 2020, an amendment became effective but has not yet been endorsed by the EU for the reporting period starting on 1 January 2020.

- ▶ Amendments to IFRS 16 - Covid-19-Related Rent Concessions

In May 2020, the IASB proposed an amendment to IFRS 16 that allows for a practical expedient to not treat a change in lease payments as lease modification. The amendment applies to lessee accounting only. As a lessee, ABN AMRO has not obtained any lease concessions due to Covid-19. As such, this amendment will not impact profit or loss or the statement of financial position.

Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise its judgement in the process of applying ABN AMRO's accounting policies and to make estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions.

SICR and ECL assessment

ABN AMRO uses complex models and historical, current and forward-looking information to determine the loss allowance on Expected Credit Losses (ECL) on financial assets AC and FVOCI. The current ECL calculation models and inputs are not able to accurately and timely reflect the impact of the Covid-19 pandemic. Therefore, ABN AMRO has exercised significant management judgment in its assessment of SICR and the ECL allowances to ensure adherence to consistent accounting policies. To fully reflect and incorporate the effects of the Covid-19 pandemic, revised macroeconomic variables scenarios, weightings of these scenarios, relief measures for clients, and government support have been included in ABN AMRO's management judgement. Please refer to the Risk, funding & capital section for further details on the estimate approach regarding impairment losses in financial assets at AC and FVOCI.

Modification due to Covid-19 relief measures

The relief measures provided by ABN AMRO, including payment moratoria, may result in a modification of the financial asset. E.g. the deferred collection of payments without charging compound interest on the delay will have a negative

impact on the net present value of the financial asset. If the financial asset is modified, the gross carrying amount of the financial asset is recalculated, based on the net present value of the modified or renegotiated contractual cash flows, and discounted at the financial asset's original effective interest rate and accounted for as an adjustment of the financial asset's gross carrying value. The effect is recognised as a modification loss in the income statement.

Credit related modification gains or losses are recognised in the income statement and presented under Impairment charges on financial instruments. Non-credit related modification gains or losses are recognised in the income statement and presented under Interest income calculated using the effective interest method.

2 Segment reporting

Retail Banking

Retail Banking provides banking products and services to individuals. In addition, a wide variety of banking and insurance products and services are provided through our branch network, online, via contact centres and through subsidiaries. ABN AMRO Hypotheken Groep, Alfam, ICS and Moneyou are part of Retail Banking.

Commercial Banking

Commercial Banking serves business clients with a turnover of up to EUR 250 million, and clients active in commercial real estate (excluding publicly listed companies, which are served by Corporate & Institutional Banking) and small businesses. ABN AMRO's asset based finance activities are included in Commercial Banking.

Private Banking

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

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) serves business clients with turnover exceeding EUR 250 million. In Northwest Europe, clients with turnover exceeding EUR 100 million are served in eight selected sectors. CIB covers loan products (Structured Finance and Trade & Commodity Finance), flow products (Global Markets) and specialised products (Clearing and Private Equity). CIB's business activities are organised according to sector, geography and product.

Group Functions

Group Functions is organised into the following main departments: Innovation & Technology, Finance, Risk Management, Human Resources, Audit, Strategy & Sustainability, General Counsel & Company Secretary and Brand, Marketing & Communications. The majority of Group Functions' costs are allocated to the businesses.

Segment income statement of the first six months of 2020

First half 2020

(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Income						
Net interest income	1,334	744	320	594	49	3,041
Net fee and commission income	159	126	249	302	-23	813
Net trading income		-1		43		41
Share of result in equity accounted investments	4	3	4	-3		8
Other operating income	12	9	17	-86	53	5
Operating income	1,509	882	590	849	80	3,909
Expenses						
Personnel expenses	202	121	179	205	352	1,059
General and administrative expenses	315	68	92	144	679	1,299
Depreciation and amortisation of tangible and intangible assets	3	4	44	13	76	141
Intersegment revenues/expenses	467	317	166	187	-1,136	
Operating expenses	987	511	480	549	-28	2,499
Impairment charges on financial instruments	83	306	30	1,395		1,814
Total expenses	1,070	817	510	1,943	-28	4,312
Profit/(loss) before taxation	438	65	80	-1,095	108	-404
Income tax expense	108	15	34	-200	39	-4
Profit/(loss) for the period	330	49	46	-894	69	-400
<i>Attributable to:</i>						
Owners of the parent company	330	49	46	-894	69	-400

Segment income statement of the first six months of 2019

First half 2019

(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Income						
Net interest income	1,498	775	347	617	18	3,254
Net fee and commission income	176	126	251	259	15	827
Net trading income		-1		8		8
Share of result in equity accounted investments	6	1	8	2	-3	14
Other operating income	22	11	23	32	213	301
Operating income	1,701	912	629	918	242	4,403
Expenses						
Personnel expenses	202	140	191	215	373	1,122
General and administrative expenses	377	73	111	134	696	1,391
Depreciation and amortisation of tangible and intangible assets	4	5	26	12	76	123
Intersegment revenues/expenses	481	260	143	179	-1,063	
Operating expenses	1,064	479	472	539	83	2,636
Impairment charges on financial instruments	19	74	12	129	-1	231
Total expenses	1,083	552	483	668	82	2,868
Profit/(loss) before taxation	618	360	146	251	160	1,535
Income tax expense	155	91	40	65	12	363
Profit/(loss) for the period	463	269	106	185	147	1,172
<i>Attributable to:</i>						
Owners of the parent company	463	269	106	185	147	1,172

Retail Banking

Net interest income amounted to EUR 1,334 million in H1 2020 (H1 2019: EUR 1,498 million). The decline was mainly attributable to continued pressure on deposit margins and, to a lesser extent, lower deposit volumes as a result of the low interest rate environment. Furthermore, interest income on residential mortgages declined, reflecting slightly lower margins in a competitive market and average volumes mainly due to high mortgage redemptions. Interest income on consumer loans declined due to lower demand in the current economic situation.

Net fee and commission income decreased by EUR 17 million to EUR 159 million in H1 2020, largely from lower credit card usage at ICS as a result of Covid-19.

General and administrative expenses declined by EUR 62 million, totaling EUR 315 million in H1 2020. The decrease was mainly attributable to a EUR 114 million provision in Q2 2019 for the CDD remediation programme, partly offset by higher expenses for upscaling AML activities and service costs for Stater.

Impairment charges increased by EUR 65 million to EUR 83 million in H1 2020, of which EUR 69 million was related to Covid-19.

Commercial Banking

Net interest income amounted to EUR 744 million in H1 2020 (H1 2019: EUR 775 million). The decline was mainly due to continued pressure on deposit margins (partly offset by charging negative rates to clients with deposits above EUR 2.5 million) and, to a lesser extent, lower average corporate loan volume and slightly lower margins, reflecting a decrease in current accounts.

Net fee and commission income was EUR 126 million in H1 2020 and remained flat compared with H1 2019. An increase in income from various initiatives was offset by a decline due to reduced economic activity in H1 2020, which particularly impacted payment transactions, trade and guarantees and factoring.

Personnel expenses came down by EUR 19 million, totalling EUR 121 million in H1 2020, mainly due to continued execution of cost-saving programmes, lower pension costs (new CLA), and the transfer of FTEs to Group Functions in order to centralise AML activities.

Impairment charges increased to EUR 306 million in H1 2020 (H1 2019: EUR 74 million), of which EUR 202 million was related to Covid-19. The impairment charges for individual files were spread over a number of sectors, with the largest increases in the industrial transportation and food & beverage sectors, as well as in the travel & leisure sector.

Private Banking

Net interest income amounted to EUR 320 million in H1 2020 (H1 2019: EUR 347 million). The decline was mainly driven by the divestment of activities in the Channel Islands and continued pressure on deposit margins, partly offset by charging negative rates to clients with deposits above EUR 2.5 million.

Net fee and commission income remained broadly flat, totalling EUR 249 million in H1 2020, despite the divestment of activities in the Channel Islands.

Personnel expenses decreased by EUR 13 million, totalling EUR 179 million in H1 2020, largely attributable to the divestment of activities in the Channel Islands and, to a lesser extent, lower pension costs (new CLA).

General and administrative expenses declined by EUR 19 million, totalling EUR 92 million in H1 2020, mainly due to cost-saving programmes, including lower expenses for external staffing, as the impact from the divestment of the activities in the Channel Islands was limited.

Depreciation and amortisation amounted to EUR 44 million (H1 2019: EUR 26 million), mainly due to the impairment of EUR 34 million on the goodwill and intangible assets for ABN AMRO Bank N.V. (Belgium) Branch.

The impairment charges amounted to EUR 30 million in H1 2020 (H1 2019: EUR 12 million), including EUR 5 million for Covid-19 measures.

Corporate & Institutional Banking

Net interest income amounted to EUR 594 million in H1 2020 (H1 2019: EUR 617 million). The decline was mainly due to lower average corporate loan volumes, reflecting active de-risking, and to a lesser extent slightly lower asset and deposit margins.

Net fee and commission increased by EUR 43 million, totalling EUR 302 million in H1 2020. The increase was seen mainly at Clearing due to higher market volatility, especially in Q1 2020.

Net trading income increased by EUR 34 million totalling EUR 43 million in H1 2020. The increase was largely due to lower CVA/DVA/FVA results (widening of counterparty credit spreads) and a provision for SME derivatives-related issues in Q1 2019. This provision was partially released in Q2 2020.

Other income amounted to EUR 86 million negative in H1 2020 (H1 2019: EUR 32 million positive). The decrease was largely attributable to negative fair market value adjustments on financial investments held at fair value through profit or loss, mainly in Q1 2020 as a result of Covid-19.

Personnel expenses decreased by EUR 10 million to EUR 205 million in H1 2020, largely on cost-saving programmes and lower pension costs (new CLA).

General and administrative expenses amounted to EUR 144 million in H1 2020 (H1 2019: EUR 134 million). The increase was mainly due to higher regulatory expenses.

Impairment charges were high in H1 2020 totalling EUR 1,395 million (H1 2019: EUR 129 million) of which EUR 551 million related to Covid-19 and oil price developments. Furthermore, the impairment charges were mainly impacted by three exceptional client files totalling EUR 616 million.

Group Functions

Net interest income increased by EUR 32 million, totalling EUR 49 million in H1 2020, mainly due to lower liquidity management costs and the benefit of ECB deposit tiering, partly offset by the positive revaluation of a DSB claim in Q2 2019.

Net fee and commission declined by EUR 37 million to EUR 23 million negative in H1 2020, largely due to the sale of Stater in Q2 2019.

Other operating income amounted to EUR 53 million in H1 2020 (H1 2019: EUR 213 million). The decrease was largely attributable to the book gain on the sale of Stater and, to a lesser extent, to lower hedge accounting-related results.

Personnel expenses declined by EUR 21 million to EUR 352 million in H1 2020. The decrease can be largely explained by the sale of Stater and lower pension costs (new CLA), partly offset by upscaling of AML activities and, to a lesser extent, wage inflation.

General and administrative expenses decreased by EUR 17 million to EUR 679 million in H1 2020, mainly due to the sale of Stater and ongoing cost-saving programmes, partly offset by upscaling of AML activities.

Selected assets and liabilities by segment

30 June 2020

(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				3,397		3,397
Derivatives			48	6,216	1,364	7,629
Securities financing				5,018	22,112	27,130
Residential mortgages	142,692	1	4,145		3,283	150,121
Consumer loans	6,077	539	4,635	4		11,255
Corporate loans	1,670	39,966	5,175	48,236	1,372	96,419
Other loans and advances customers	20	176	5	8,579	118	8,899
Other	1,997	2,170	2,909	8,919	103,889	119,883
Total assets	152,455	42,852	16,918	80,369	132,139	424,733
Liabilities						
Financial liabilities held for trading				1,281		1,281
Derivatives			6	8,136	1,444	9,586
Securities financing				711	18,222	18,933
Current accounts	20,739	35,062	23,482	23,294	761	103,338
Demand deposits	66,122	12,496	37,138	408	1	116,165
Time deposits	6,786	1,680	3,915	3,959	8,718	25,057
Other due to customers	153	1		908	69	1,131
Other	58,655	-6,387	-47,623	41,674	81,321	127,640
Total liabilities	152,455	42,852	16,918	80,369	110,536	403,131

31 December 2019

(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				1,137		1,137
Derivatives			24	4,549	1,157	5,730
Securities financing				4,631	10,274	14,905
Residential mortgages	144,225	3	3,856		2,795	150,880
Consumer loans	6,510	579	4,867	40		11,997
Corporate loans	1,688	41,022	5,343	49,109	1,274	98,436
Other loans and advances customers	13	181	4	5,991	102	6,292
Other	1,803	2,183	3,397	6,699	71,595	85,677
Total assets	154,240	43,968	17,492	72,157	87,196	375,054
Liabilities						
Financial liabilities held for trading				675		675
Derivatives			3	5,369	1,133	6,505
Securities financing				561	7,673	8,234
Current accounts	17,539	30,520	22,348	20,802	691	91,900
Demand deposits	65,286	12,809	42,241	555		120,892
Time deposits	7,384	2,940	4,564	4,353	1,991	21,232
Other due to customers	150			771	47	967
Other	63,882	-2,301	-51,664	39,071	54,190	103,177
Total liabilities	154,240	43,968	17,492	72,157	65,725	353,582

3 Overview of financial assets and liabilities by measurement base

30 June 2020

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Fair value through other comprehensive income	Total
Financial assets					
Cash and balances at central banks	55,914				55,914
Financial assets held for trading		3,397			3,397
Derivatives		6,355	1,274		7,629
Financial investments			841	48,240	49,081
Securities financing	27,130				27,130
Loans and advances banks	5,409				5,409
Loans and advances customers	265,466		1,228		266,694
Other financial assets	4,247				4,247
Total financial assets	358,165	9,752	3,343	48,240	419,500
Financial Liabilities					
Financial liabilities held for trading		1,281			1,281
Derivatives		8,447	1,139		9,586
Securities financing	18,933				18,933
Due to banks	39,908				39,908
Due to customers	245,691				245,691
Issued debt	72,601		980		73,580
Subordinated liabilities	8,685				8,685
Other financial liabilities	1,975				1,975
Total financial liabilities	387,793	9,728	2,118		399,639

31 December 2019

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Fair value through other comprehensive income	Total
Financial assets					
Cash and balances at central banks ¹	27,558				27,558
Financial assets held for trading		1,137			1,137
Derivatives		4,910	820		5,730
Financial investments			840	44,437	45,277
Securities financing	14,905				14,905
Loans and advances banks	5,011				5,011
Loans and advances customers	266,337		1,267		267,604
Other financial assets	1,364				1,364
Total financial assets	315,175	6,047	2,927	44,437	368,586
Financial Liabilities					
Financial liabilities held for trading		675			675
Derivatives		5,840	665		6,505
Securities financing	8,234				8,234
Due to banks	12,785				12,785
Due to customers	234,991				234,991
Issued debt	74,252		1,024		75,275
Subordinated liabilities	10,041				10,041
Other financial liabilities	824				824
Total financial liabilities	341,126	6,515	1,689		349,330

4 Operating income

(in millions)	First half 2020	First half 2019
Net interest income	3,041	3,254
Net fee and commission income	813	827
Net trading income	41	8
Share of result in equity accounted investments	8	14
Other income	5	301
Total operating income	3,909	4,403

Operating income in the first six months of 2020

Total operating income for H1 2020 decreased by EUR 494 million to EUR 3,909 million, compared with EUR 4,403 million in H1 2019.

Net interest income decreased by EUR 213 million, totalling EUR 3,041 million in H1 2020 (H1 2019: EUR 3,254 million), due to continued pressure on deposit margins and lower average volumes. Interest income on residential mortgages declined as average volumes decreased, mainly due to high mortgage redemptions. Interest income on corporate loans was lower in H1 2020, as average volumes decreased compared with H1 2019. On the liability side, interest expense on deposits decreased, as interest rates on the main retail savings came down in comparison with H1 2019.

Net fee and commission income decreased by EUR 14 million to EUR 813 million in H1 2020, compared with EUR 827 million in H1 2019. The decrease was attributable to the sale of our majority stake in Stater N.V. in 2019 and to lower credit card usage at ICS as an effect of Covid-19. Net fee and commission income at Clearing was higher as market volatility increased significantly in H1 2020.

Net trading income increased by EUR 33 million in H1 2020, totalling EUR 41 million. This increase was mainly due to positive FX results, combined with a release of EUR 15 million of the provision for SME derivatives-related issues in H1 2020. This was partly offset by lower CVA/DVA/FVA results, mainly due to Covid-19 affecting counterparty credit spreads. Commodity trading volumes increased due to the volatility of oil prices, which led to higher trading results.

The share of result in equity accounted investments decreased from EUR 14 million in H1 2019 to EUR 8 million in H1 2020. The decline was driven mainly by the deterioration of the economic environment in which the investments operate.

Other operating income decreased by EUR 296 million to EUR 5 million in H1 2020 (H1 2019: EUR 301 million). This was mainly due to a decrease in the income on the disposal of operating activities due to the sale of our majority stake in Stater N.V. and negative fair market value adjustments on financial investments held at fair value through profit or loss.

Fee and commission income

Fee and commission income by segment is specified in the following tables:

(in millions)	First half 2020					Total
	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	
Fee and commission income from:						
Securities and custodian services	13		36	438	1	489
Payment services	149	102	12	41	1	304
Portfolio management and trust fees	19	1	213			233
Guarantees and commitment fees	15	14	3	48		80
Insurance and investment fees	22		16			39
Other service fees	10	30	8	24		73
Total fee and commission income	229	148	289	552	1	1,218
Timing fee and commission income						
Recognised at a point in time	99	112	153	516	1	881
Recognised over time	131	35	135	36		337
Total fee and commission income	229	148	289	552	1	1,218

(in millions)	First half 2019					Total
	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	
Fee and commission income from:						
Securities and custodian services ¹	7		31	246	1	286
Payment services	158	99	13	41	16	327
Portfolio management and trust fees	21	1	231			252
Guarantees and commitment fees	10	14	3	49		75
Insurance and investment fees	24		16			40
Other service fees	9	34	8	18	33	101
Total fee and commission income¹	228	148	301	353	50	1,081
Timing fee and commission income						
Recognised at a point in time ¹	118	132	158	331	50	789
Recognised over time	111	16	143	23		292
Total fee and commission income¹	228	148	301	353	50	1,081

¹ Comparative figures for 2019 have been restated. For additional information, please refer to Note 1 Accounting policies.

5 Operating expenses

(in millions)	First half 2020	First half 2019
Personnel expenses	1,059	1,122
General and administrative expenses	1,299	1,391
Depreciation and amortisation of tangible and intangible assets	141	123
Total operating expenses	2,499	2,636

Operating expenses in the first six months of 2020

Total operating expenses decreased by EUR 137 million to EUR 2,499 million, compared with EUR 2,636 million in H1 2019. This decline was driven by lower personnel expenses (EUR 63 million) and lower general and administrative expenses (EUR 92 million), which were partly offset by higher depreciation and amortisation of tangible and intangible assets (EUR 18 million).

Total general and administrative expenses for H1 2020 amounted to EUR 1,299 million, a decrease of EUR 92 million, compared with EUR 1,391 million in H1 2019. The decline was mainly attributable to the increase in the provision for the AML remediation programme in H1 2019 in Retail Banking, partly offset by higher agency staff, contractors and consultancy costs in H1 2020.

Depreciation and amortisation of tangible and intangible assets in H1 2020 amounted to EUR 141 million, an increase of EUR 18 million compared with EUR 123 million in H1 2019. This increase was mainly the result of the impairment of goodwill and other intangible assets (EUR 34 million) on ABN AMRO's branch in Belgium, partly offset by the divestments of Stater and the Channel Islands (EUR 14 million) and the release of a provision within Private Banking International (EUR 5 million).

Personnel expenses

(in millions)	First half 2020	First half 2019
Salaries and wages	767	777
Social security charges	107	121
Pension expenses relating to defined benefit plans	1	2
Defined contribution plan expenses	142	173
Other	42	48
Total personnel expenses	1,059	1,122

Personnel expenses in the first six months of 2020

Total personnel expenses for H1 2020 amounted to EUR 1,059 million, down by EUR 63 million compared with EUR 1,122 million in H1 2019. The decrease is mainly due to lower pension costs as a result of the new collective labour agreement, together with the divestment of our majority stake in Stater.

6 Income tax expense

(in millions)	First half 2020	First half 2019
Income tax expense	-4	363

Income tax expense amounted to EUR 4 million negative in H1 2020, which was EUR 367 million lower than in H1 2019. The decrease was mainly attributable to the decline in the H1 2020 result compared with the H1 2019 result. Not all tax losses resulted in recognition of a deferred tax asset at full value, while a full tax liability was recognised in tax jurisdictions where we generated taxable income.

7 Financial assets and liabilities held for trading

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

Financial assets held for trading

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

(in millions)	30 June 2020	31 December 2019
Trading securities:		
Government bonds	2,485	486
Corporate debt securities	906	643
Equity securities	5	6
Total trading securities	3,396	1,136
Trading book loans	1	2
Total assets held for trading	3,397	1,137

Financial assets held for trading increased by EUR 2.3 billion to EUR 3.4 billion at 30 June 2020 (31 December 2019: EUR 1.1 billion).

Government bonds increased by EUR 2.0 billion, which was mainly related to changes in Dutch, German and French government bond positions. These portfolios are mainly a result of the primary dealership in these countries and for the purpose of client facilitation. Most of these contracts are hedged with short positions in corporate debt securities, government bonds and futures.

The increase of corporate debt securities by EUR 0.3 billion was the result of movements in various bonds, mainly Dutch positions in credit and financial institutions.

Equity securities and trading book loans remained fairly stable.

Financial liabilities held for trading

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

(in millions)	30 June 2020	31 December 2019
Bonds	1,164	528
Equity securities	4	
Total short security positions	1,168	528
Other liabilities held for trading	112	147
Total liabilities held for trading	1,281	675

Financial liabilities held for trading increased by EUR 0.6 billion to EUR 1.3 billion at 30 June 2020 (31 December 2019: EUR 0.7 billion).

The increase resulted from higher short positions in bonds, mainly related to Dutch government bonds and corporate debt securities.

Other liabilities held for trading decreased, mainly due to hedging activities designed to stabilise the value of individual portfolios or products.

8 Derivatives

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

Derivatives comprise the following:

30 June 2020

(in millions)	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
							Interest rate	
Exchange traded								
Fair value assets	1	1	53					55
Fair value liabilities	3		20			13		36
Notionals	380	276	52			759		1,466
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,175,537						60,631	1,236,168
Other bilateral								
Fair value assets	3,995	1,064	808	103	292	38	1,274	7,574
Fair value liabilities	5,748	1,183	909	180	390	2	1,139	9,550
Notionals	101,477	105,309	5,862	1,788	17,501	548	81,498	313,983
Total								
Fair value assets	3,996	1,065	860	103	292	38	1,274	7,629
Fair value liabilities	5,750	1,183	929	180	390	15	1,139	9,586
Notionals	1,277,393	105,584	5,914	1,788	17,501	1,307	142,129	1,551,618

31 December 2019

(in millions)	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
							Interest rate	
Exchange traded								
Fair value assets	1	1	14			2		18
Fair value liabilities	2	1	4			17		23
Notionals	459	195	60			1,095		1,809
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,049,209			1,708			111,554	1,162,471
Other bilateral								
Fair value assets	3,476	541	465	99	292	18	820	5,712
Fair value liabilities	4,276	564	501	156	319	1	665	6,482
Notionals	130,614	77,469	5,164	746	20,094	367	16,911	251,364
Total								
Fair value assets	3,477	542	480	99	292	20	820	5,730
Fair value liabilities	4,278	565	505	156	319	18	665	6,505
Notionals	1,180,282	77,664	5,224	2,454	20,094	1,462	128,465	1,415,644

The notional amount of interest rate derivatives held for trading at 30 June 2020 amounted to EUR 1,277.4 billion (31 December 2019: EUR 1,180.3 billion), an increase of EUR 97.1 billion. This increase was mainly due to higher client activity of financial institutions.

The notional amount of currency derivatives held for trading at 30 June 2020 amounted to EUR 105.6 billion (31 December 2019: EUR 77.7 billion), an increase of EUR 27.9 billion, which was mainly due to higher client activity.

The notional amount of currency derivatives used for economic hedging at 30 June 2020 amounted to EUR 17.5 billion (31 December 2019: EUR 20.1 billion), a decrease of EUR 2.6 billion. This decrease was mainly attributable to the various types of transactions the bank utilises to manage foreign currency risk exposure.

The notional amount of interest rate derivatives used for hedge accounting at 30 June 2020 amounted to EUR 142.1 billion (31 December 2019: EUR 128.5 billion), an increase of EUR 13.6 billion. The portfolio of interest rate swaps increased as a result of interest rate risk management.

9 Financial investments

Financial investments can be broken down as follows:

(in millions)	30 June 2020	31 December 2019
Financial investments:		
Debt securities held at fair value through other comprehensive income	48,240	44,437
Held at fair value through profit or loss	841	840
Total financial investments	49,081	45,277

Debt securities held at fair value through other comprehensive income consist mainly of government bonds.

Financial investments held at fair value through other comprehensive income

The fair value of financial investments held at fair value through other comprehensive income including gross unrealised gains and losses was as follows:

(in millions)	30 June 2020	31 December 2019
Interest-earning securities:		
Dutch government	5,006	4,888
US Treasury and US government	7,138	7,097
Other OECD government	23,601	20,461
Non-OECD government	1,473	1,314
International bonds issued by the European Union	1,504	1,530
European Stability Mechanism	2,682	2,653
Mortgage- and other asset-backed securities	3,595	3,654
Financial institutions	3,017	2,828
Non-financial institutions	224	13
Total investments held at fair value through other comprehensive income	48,240	44,437

10 Securities financing

(in millions)	30 June 2020			31 December 2019		
	Banks	Customers	Total	Banks	Customers	Total
Assets						
Reverse repurchase agreements	8,359	11,769	20,127	2,713	7,736	10,449
Securities borrowing transactions	3,839	3,163	7,003	1,628	2,828	4,456
Total	12,198	14,932	27,130	4,341	10,564	14,905
Liabilities						
Repurchase agreements	243	16,268	16,510	91	6,277	6,368
Securities lending transactions	782	1,641	2,423	581	1,285	1,866
Total	1,024	17,909	18,933	672	7,562	8,234

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

Changes in securities financing assets and liabilities with banks and customers result from the cyclicity of the business.

11 Fair value of financial instruments

The internal controls of fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent with those set out in the Notes to ABN AMRO's 2019 Consolidated Annual Financial Statements.

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

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value in the three categories 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 that are not considered to be active, or using valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

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

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

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

(in millions)	30 June 2020				31 December 2019			
	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value
Assets								
Government debt securities	2,485			2,485	486			486
Corporate debt securities	733	173		906	529	114		643
Equity securities	5			5	6			6
Other financial assets held for trading		1		1		2		2
Financial assets held for trading	3,223	174		3,397	1,021	116		1,137
Interest rate derivatives	1	5,234	139	5,373	1	4,281	115	4,397
Foreign exchange contracts	1	1,344	12	1,357	1	823	10	834
Other derivatives	53	845		898	17	483		500
Derivatives	55	7,423	151	7,629	18	5,587	125	5,730
Equity instruments	237	91	507	835	231	88	514	833
Other	5			6	7			7
Financial investments at fair value through profit or loss	243	91	507	841	239	88	514	840
Government debt securities	40,905	45	454	41,404	37,431	50	461	37,942
Corporate debt securities	3,071	129	42	3,242	2,784	1	56	2,841
Other debt securities	3,568	27		3,595	3,654			3,654
Financial assets held at fair value through other comprehensive income	47,544	200	496	48,240	43,869	51	517	44,437
Loans and advances at fair value through profit or loss		1,216	12	1,228		1,254	13	1,267
Total financial assets	51,064	9,105	1,166	61,335	45,147	7,096	1,168	53,411
Liabilities								
Short positions in government debt securities	754			754	185			185
Corporate debt securities	341	68		409	284	59		343
Equity securities	4			4				
Other financial liabilities held for trading		112		112		147		147
Financial liabilities held for trading	1,100	181		1,281	469	206		675
Interest rate derivatives	3	7,066		7,068	2	5,097		5,099
Foreign exchange contracts		1,573		1,573	1	883		884
Other derivatives	34	911		944	21	502		522
Derivatives	36	9,550		9,586	23	6,482		6,505
Issued debt		980		980		1,024		1,024
Total financial liabilities	1,136	10,710		11,846	492	7,712		8,204

Transfers between fair value hierarchies

There were no material transfers between the fair value hierarchies.

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 carried at fair value:

(in millions)	Assets				Liabilities
	Derivatives	Financial investments at fair value through profit or loss	Financial assets held at fair value through other comprehensive income	Loans and advances at fair value through profit or loss	Issued debt
Balance at 1 January 2019	97	557	458		156
Purchases		112	12		
Sales		-240			
Redemptions		-103			
Gains/(losses) recorded in profit and loss ¹		39	1		
Unrealised gains/(losses) ²	9	53	47		
Transfer between levels	19	102			-156
Other movements		-5		13	
Balance at 31 December 2019	125	514	517	13	
Purchases		28			
Sales					
Redemptions					
Gains/(losses) recorded in profit and loss ¹			-6		
Unrealised gains/(losses) ²	3	-27	-3		
Transfer between levels	23	-4			
Other movements		-4	-12	-1	
Balance at 30 June 2020	151	507	496	12	

¹ Included in other operating income.

² Unrealised gains/(losses) on derivatives held for trading are included in net trading income, on instruments measured at FVTPL in other operating income and on instruments measured at FVOCI in other comprehensive income.

Level 3 sensitivity information

Interest-earning securities - government bonds

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

Interest-earning securities - other

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

Equity shares - preferred shares

Equities measured at fair value through profit and loss and classified as level 3 mainly comprise private equity investments. Private equity shares are measured at fair value, with two calculation techniques being applied:

- ▶ Using comparable pricing in accordance with the European Private Equity and Venture Capitalist Association (EVCA) guidelines. This valuation technique is based on earnings multiples of comparable listed and unlisted companies.

The fair value calculation of an investment is strongly linked with movements on the public equity markets;

- Net Asset Value (NAV) for fund investments and asset-backed investments. This is determined by using audited and unaudited company financial statements and any other information available, publicly or otherwise. As a consequence, the net asset value calculation of an investment is strongly linked to movements in the quarterly performance of the company and can be used as an indicator of fair value.

New investments are initially valued at fair value. Subsequently, the fair value technique, either EVCA technique or NAV calculation, is applied for direct investments.

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

During the first half year of the reporting period, the fair value of private equity shares decreased mainly due to Covid-19. These equity shares are measured using unobservable data, namely earnings multiples or NAV. For the equity shares measured using multiples, a 10% haircut has been applied at the end of the reporting period. The haircut is based on the decrease of equity prices in the Dutch stock market.

Derivatives

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

	Valuation technique	Unobservable data	Carrying value	Possible alternative assumptions		Unobservable data range		Unobservable data base
				Applying minimum	Applying maximum	Applying minimum	Applying maximum	
(in millions)								
30 June 2020								
Equity shares	Private equity valuation	EBITDA multiples	72	-7	7	5.0	6.0	5.5
Equity shares	Private equity valuation	Net asset value	435	-39	29			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	454	-15	18	44	121	86
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	42	-3		289	558	320
Derivatives held for trading	Discounted cash flow	Probability of default	151	-14	15	0.4%	100.0%	44.4%
31 December 2019								
Equity shares	Private equity valuation	EBITDA multiples	45	-5	5	5.0	6.0	5.5
Equity shares	Private equity valuation	Net asset value	469	-47	29			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	461	-12	14	7	66	39
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	56	-4		135	397	164
Derivatives held for trading	Discounted cash flow	Probability of default	125	-7	10	0.2%	100.0%	54.0%

Financial assets and liabilities not carried at fair value

The methods and assumptions applied to estimate the fair values of financial instruments not carried at fair value are consistent with those set out in Note 21 of the Consolidated Annual Financial Statements 2019.

(in millions)	Carrying value				30 June 2020	
	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value	Difference	
Assets						
Cash and balances at central banks	55,914	55,914		55,914		
Securities financing	27,130		27,130	27,130		
Loans and advances banks	5,409		5,049	5,414	5	
Loans and advances customers	265,466		25,882	242,292	2,709	
Total	353,918	55,914	58,062	242,657	356,632	2,714
Liabilities						
Securities financing	18,933		18,933	18,933		
Due to banks	39,908		38,280	1,700	39,980	72
Due to customers	245,691		74,915	169,170	244,085	-1,607
Issued debt	72,601	49,810	24,358		74,168	1,568
Subordinated liabilities	8,685	5,743	3,754		9,497	812
Total	385,818	55,553	160,240	170,870	386,663	844

(in millions)	Carrying value				31 December 2019	
	Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs	Total fair value	Difference	
Assets						
Cash and balances at central banks	27,558	27,558		27,558		
Securities financing	14,905		14,905	14,905		
Loans and advances banks	5,011		4,526	493	5,018	7
Loans and advances customers	266,337		23,427	247,271	270,698	4,361
Total	313,811	27,558	42,857	247,764	318,179	4,368
Liabilities						
Securities financing	8,234		8,234	8,234		
Due to banks	12,785		4,841	7,975	12,816	31
Due to customers	234,991		65,869	167,390	233,258	-1,733
Issued debt	74,252	48,629	30,055		78,684	4,432
Subordinated liabilities	10,041	8,705	2,081		10,786	745
Total	340,302	57,334	111,079	175,365	343,778	3,476

12 Loans and advances banks

(in millions)	30 June 2020	31 December 2019
Interest-bearing deposits	2,131	1,508
Loans and advances banks	1,937	1,784
Mandatory reserve deposits with central banks	233	293
Other loans and advances banks	1,112	1,431
Subtotal	5,413	5,016
Less: loan impairment allowance	4	5
Loans and advances banks	5,409	5,011

Loans and advances banks increased by EUR 0.4 billion to EUR 5.4 billion at 30 June 2020. This increase was mainly the result of an increase in interest-bearing deposits and was partly offset by lower other loans and advances banks.

Interest-bearing deposits increased by EUR 0.6 billion to EUR 2.1 billion at 30 June 2020, mainly due to higher interbank deposits.

Mandatory reserve deposits are held with local central banks in accordance with statutory requirements. These deposits are not available to finance ABN AMRO's day-to-day operations.

Other loans and advances decreased by EUR 0.3 billion to EUR 1.1 billion at 30 June 2020, mainly due to a decrease in discounted drafts without recourse for a group of clients.

13 Loans and advances customers

This item is comprised of loans and advances to non-banking clients.

(in millions)	30 June 2020	31 December 2019
Residential mortgages (excluding fair value adjustment)	146,982	148,225
Fair value adjustment from hedge accounting on residential mortgages	3,283	2,795
Residential mortgages, gross	150,265	151,020
Less: loan impairment allowances - residential mortgage loans	144	140
Residential mortgages	150,121	150,880
Consumer loans, gross	11,576	12,294
Less: loan impairment allowances - consumer loans	321	298
Consumer loans	11,255	11,997
Corporate loans	89,048	89,382
Fair value adjustment from hedge accounting on corporate loans	658	547
Financial lease receivables	5,817	5,721
Factoring	2,773	3,507
Corporate loans, gross¹	98,296	99,157
Less: loan impairment allowances - corporate loans	3,100	1,982
Corporate loans at amortised cost	95,197	97,174
Corporate loans at fair value through P&L	1,223	1,261
Government and official institutions	1,519	1,354
Other loans	7,376	4,938
Fair value adjustment from hedge accounting on other loans	1	1
Other loans and advances customers, gross¹	8,897	6,292
Less: loan impairment allowances - other	3	6
Other loans at amortised cost	8,893	6,287
Other loans at fair value through P&L	6	5
Other loans and advances customers	8,899	6,292
Loans and advances customers	266,694	267,604

¹ Excluding loans at fair value through P&L.

Loans and advances customers decreased by EUR 0.9 billion to EUR 266.7 billion at 30 June 2020, mainly due to decreases in mortgages, consumer loans and corporate loans. These were partly offset by an increase in other loans and advances customers.

Residential mortgages (excluding fair value adjustment) decreased by EUR 1.2 billion to EUR 147.0 billion at 30 June 2020, mainly due to an increase in redemptions.

Consumer loans (gross) decreased by EUR 0.7 billion to EUR 11.6 billion at 30 June 2020 and Corporate loans (gross) decreased by EUR 0.9 billion to EUR 98.3 billion at 30 June 2020. These declines were due to the current market situation, which led to decreases in factoring and corporate and consumer loans, and increases in loan impairment allowances. For further information on loan impairment allowances, please refer to the Risk developments section.

Other loans and advances customers (gross) increased by EUR 2.6 billion to EUR 8.9 billion at 30 June 2020, due to an increase in cash collateral posted and changed positions at Clearing.

During the first half of 2020, ABN AMRO changed its presentation of instant payment facilities from corporate loans at amortised cost to cash and balances at central banks. Comparative figures have been adjusted accordingly (EUR 0.5 billion).

14 Goodwill and other intangible assets

(in millions)	30 June 2020	31 December 2019
Goodwill	81	110
Purchased software	19	27
Internally developed software	9	4
Other	28	38
Total goodwill and other intangible assets	138	178

Total goodwill and other intangible assets decreased by EUR 40 million to EUR 138 million at 30 June 2020, mainly due to the impairment of goodwill.

Valuation of goodwill

(in millions)	Segment	Method used for recoverable amount	Discount rate	Long-term growth rate	30 June 2020		31 December 2019	
					Impairment charges	Goodwill	Goodwill	Goodwill
Entity								
Bethmann Bank A.G.	Private Banking	Value in use	10%	1%		63		63
ABN AMRO Bank N.V. (Belgium) Branch	Private Banking	Fair value	10%	1%	28			28
ABN AMRO Asset Based Finance N.V., (UK) Branch	Commercial Banking	Value in use	10%	0%		9		10
Banque Neuflyze OBC S.A.	Private Banking	Value in use	10%	0%		6		6
Banco ABN AMRO S.A.	Corporate & Institutional Banking	Value in use	10%	0%		2		3
Total goodwill and impairment charges					28	81		110

The financial and economic repercussions of Covid-19 raised concerns that the goodwill recorded for certain entities could be impaired. Goodwill has been tested for impairment as at the end of Q2 2020. Market reference data for determining the fair value less costs of disposal were updated by the inclusion of a discount to reflect the impact of Covid-19. Forecasts for calculating the value in use were also updated to incorporate the effects of Covid-19.

The outcome of the impairment test of ABN AMRO Bank N.V. (Belgium) Branch entails a full impairment of goodwill, totalling EUR 28 million. The recoverable amount is based on fair value less costs of disposal. The valuation method of fair value less costs of disposal is a level-3 fair value determination based on parameters from recent Private Banking merger and acquisition transactions by ABN AMRO, which are cross-referenced with external Private Banking mergers

and acquisitions known in the relevant markets. The key element used to determine the fair value less costs of disposal is the total client assets of the cash-generating unit, multiplied by a sales premium multiplier from recent merger and acquisition transactions.

The outcome of the impairment test of Bethmann Bank A.G. is that goodwill has not been impaired. In this case the recoverable amount is based on value in use. The valuation method of value in use is based on a five-year cash flow forecast including the expected net returns, terminal value and solvency usage (including expected movements). To evaluate the effects of applying a discount on the outcome of the impairment test, a sensitivity analysis was conducted. The application of a 10% 'haircut' of the cash flows result in an approximately 30% decline in the amount that the recoverable amount exceeds the carrying amount. Cash flows are discounted at the target return of equity of 10%. Apart from goodwill, neither of these entities have any intangible assets with indefinite useful lives.

For the other entities, all based on the value in use, goodwill has not been impaired.

Valuation of other intangible assets

Of all other intangible assets, only the client relationships of ABN AMRO Bank N.V. (Belgium) Branch were tested for impairment. The model for impairment testing was the same as the model used for recognising this intangible asset. The conclusion was that this intangible is partially impaired for an amount of EUR 6 million. The remaining value of client relationships of ABN AMRO Bank N.V. (Belgium) Branch amounts to EUR 10 million.

15 Assets held for sale

Assets held for sale at 30 June 2020 amounted to EUR 71 million (31 December 2019: EUR 14 million). This consists of property held for sale at EUR 62 million (31 December 2019: EUR 5 million) and an equity accounted investment held for sale at EUR 9 million (31 December 2019: EUR 9 million). Of the property held for sale, EUR 56 million consists of an office building held for own use, currently presented in the Private Banking segment, that is expected to be sold during Q3 2020. The sale transaction will be part of a sale and leaseback transaction with the buyer-lessor of the office building. The property is measured at the carrying amount, which is significantly lower than the current fair value (less cost to sell).

16 Due to banks

This item comprises amounts due to banking institutions, including central banks and multilateral development banks.

(in millions)	30 June 2020	31 December 2019
Deposits from banks:		
Current accounts	2,485	2,201
Demand deposits	8	10
Time deposits	36,499	9,986
Cash collateral on securities lent	915	587
Other	1	
Total due to banks	39,908	12,785

Due to banks increased by EUR 27.1 billion to EUR 39.9 billion at 30 June 2020, mainly due to an increase in time deposits. The movement of the due to banks position was mainly a result of the new TLTRO agreement, which led to an increase of EUR 32.0 billion. The increase in time deposits was offset by the settlement of the old TLTRO agreement, which resulted in a decrease of EUR 8.0 billion.

17 Due to customers

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

(in millions)	30 June 2020	31 December 2019
Current accounts	103,338	91,900
Demand deposits	116,165	120,892
Time deposits	25,057	21,232
Other	1,131	967
Total due to customers	245,691	234,991

Due to customers increased by EUR 10.7 billion to EUR 245.7 billion, mainly as a result of increases in current accounts and time deposits, partially offset by a decrease in demand deposits.

Current accounts increased by EUR 11.4 billion to EUR 103.3 billion and demand deposits decreased by EUR 4.7 billion to EUR 116.2 billion. These changes were mainly related to changes in client spending behaviour.

Time deposits increased by EUR 3.8 billion to EUR 25.1 billion at 30 June 2020, which was mainly related to large transactions with other financial corporations.

Other due to customers increased by EUR 0.2 billion to EUR 1.1 billion at 30 June 2020, due to an increase in on-balance cash collateral received.

18 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding at 30 June 2020 and 31 December 2019 respectively.

(in millions)	30 June 2020	31 December 2019
Bonds and notes issued	59,130	59,585
Certificates of deposit and commercial paper	13,471	14,666
Total at amortised cost	72,601	74,252
Designated at fair value through profit or loss	980	1,024
Total issued debt	73,580	75,275
- of which matures within one year	21,696	23,148

Total issued debt decreased by EUR 1.7 billion to EUR 73.6 billion at 30 June 2020. The decrease was due to lower funding needs driven by increased client deposits. This allowed for a decline in commercial paper and certificates of deposits and senior preferred funding, partly offset by new issuances of senior non-preferred funding.

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

Subordinated liabilities

The following table shows outstanding subordinated liabilities issued by ABN AMRO and the amounts outstanding at 30 June 2020 and 31 December 2019 respectively.

(in millions)	30 June 2020	31 December 2019
Subordinated liabilities	8,685	10,041

Subordinated liabilities decreased by EUR 1.4 billion to EUR 8.7 billion at 30 June 2020, mainly due to the redemption of a EUR 1.5 billion 2.875% instrument with an original maturity of 10 years issued in June 2015 and a call date in June 2020.

No perpetual loans were recorded at reporting date.

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

19 Provisions

The following table shows a breakdown of provisions at 30 June 2020 and 31 December 2019 respectively.

(in millions)	30 June 2020	31 December 2019
Insurance fund liabilities	2	4
Provision for pension commitments	74	74
Restructuring provision	130	172
Other staff provision	115	119
Legal provisions	169	234
Credit commitments provisions	110	79
Other provisions	266	301
Total provisions	867	983

Total provisions decreased by EUR 116 million to EUR 867 million at 30 June 2020, compared with EUR 983 million at 31 December 2019. This was mainly due to decreases in restructuring provisions (EUR 42 million) and legal provisions (EUR 64 million), which were partly offset by an increase in credit commitment provisions (EUR 31 million), mainly as a result of Covid-19.

Legal provisions

Legal provisions decreased by EUR 64 million to EUR 169 million at 30 June 2020, compared with EUR 234 million at 31 December 2019. This is mainly attributable to outflows of the provision related to interest rate derivatives sold to SME clients, combined with a release of EUR 15 million.

Interest rate derivatives for SME clients

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

ABN AMRO has set up its own client reassessment process and the related checks and balances with respect to the Uniform Recovery Framework devised by a committee of independent experts ('the Committee') appointed by the Dutch Minister of Finance. In the first quarter of 2020, all clients received a letter containing the outcome of the reassessment. At various points in the process, the reassessments have been and will be checked by an independent external file reviewer (in ABN AMRO's case, by the audit firm PwC), supervised by the AFM. The total provision for SME derivatives-related issues amounted to EUR 19 million at 30 June 2020.

Euribor-based mortgages

ABN AMRO has sold mortgage loans with floating, often Euribor-based, interest rates to consumers. These rates include a margin charge. Under the applicable terms and conditions, ABN AMRO has the right to unilaterally adjust the margin charge. ABN AMRO's decision to increase the margin charge in 2012 resulted in two class actions, on top of multiple

individual cases, being instigated. The central question in these cases is whether ABN AMRO's right in the terms and conditions to unilaterally adjust the margin charge is an unfair contractual clause. On 22 November 2019 the Supreme Court quashed the ruling of the Amsterdam Court of Appeal in the Euribor collective cases. The case will be referred to another Court of Appeal (The Hague) in order to be dealt with further. This Court will need to take all relevant aspects into account to judge if the clauses are unfair.

On 13 February 2020 ABN AMRO and the foundation Stichting Euribar reached an agreement on a settlement for clients with Euribor-Woninghypotheek mortgages. Key points of the agreement are compensation for the past and certainty for the future margin charge. A large number of clients with a Euribor-Woninghypotheek mortgage will be eligible. So far, approximately 2/3 of these clients have received a personal offer from ABN AMRO that reflects their situation, which they can either accept or not. Meanwhile the other foundation, Stichting Stop de Banken, broke off the negotiations aimed at reaching an agreement and has announced it will proceed with the class action.

Other provisions

Other provisions decreased by EUR 35 million to EUR 266 million at 30 June 2020, compared with EUR 301 million at 31 December 2019. This is mainly due to the use of the Customer Due Diligence provision.

Customer Due Diligence

Banks are considered gatekeepers of the financial system to prevent financial crime, which is a responsibility that ABN AMRO takes very seriously. ABN AMRO invests significant resources to fulfil its role as gatekeeper in general and specifically in combating financial crime. We work closely with regulators, governments, other banks and other authorities. ABN AMRO has further increased its ongoing effort to strengthen its Customer Due Diligence (CDD) programme in order to be compliant with anti-money laundering and terrorist financing legislation. ABN AMRO has implemented multiple remediation programmes, including in relation to remediation of the Retail Banking client portfolio. ABN AMRO is investing further resources in strengthening the necessary processes, as well as further improvement of systems required to support the fight against financial crime. On a general note, all remedial actions necessary to ensure full compliance with legislation across the bank will be taken where necessary. Additionally, in light of the current criminal investigation that the bank is subject to, the investigation is ongoing and we continue to cooperate fully. In this respect, reference is made to Note 20 Commitments and contingent liabilities.

ABN AMRO has recognised a provision for this matter.

20 Commitments and contingent liabilities

(in millions)	30 June 2020	31 December 2019
Committed credit facilities	54,057	54,673
Guarantees and other commitments:		
Guarantees granted	2,363	2,407
Irrevocable letters of credit	5,868	6,733
Recourse risks arising from discounted bills	4,513	8,339
Total guarantees and other commitments	12,744	17,479
Total	66,801	72,152

The total of committed credit facilities, guarantees and other commitments decreased by EUR 5.4 billion to EUR 66.8 billion at 30 June 2020 compared with EUR 72.2 billion at 31 December 2019. This was mainly the result of a decrease of EUR 4.7 billion in guarantees and other commitments.

The decrease in guarantees and other commitments is related to fewer banker's acceptances and documentary credits given to energy clients, resulting in a decrease of EUR 3.8 billion in recourse risks arising from discounted bills. The lower outstanding volume of irrevocable letters of credits given was mainly driven by corporate and institutional clients.

Other contingencies

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in various jurisdictions. In presenting the Consolidated Financial Statements, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the income statement when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which expected cash outflow cannot be reasonably estimated or that are not more likely than not to lead to a cash outflow. Some of these matters may be regarded as a contingency.

Dutch public prosecutor investigation

In September 2019, the Dutch public prosecutor informed ABN AMRO that it is the subject of an investigation relating to requirements under the Dutch Act on the prevention of money laundering and financing of terrorism (in Dutch: Wwft). The scope of the investigation includes whether the bank has complied with the Wwft in relation to having client files in good order, timely reporting unusual transactions and discontinuing relationships with clients in good time. The timing of the completion of the investigation and the outcome are uncertain; ABN AMRO is cooperating fully.

Consumer credits

The alternative dispute resolution entity KiFiD has adopted a new explanation method for variable interest clauses that have been used in revolving credit contracts with consumers throughout the market. While the initial KiFiD ruling was against Interbank, other banks including ABN AMRO have recently received unfavourable rulings as well. The method is expected to be further developed in future rulings by KiFiD. However, current case law by civil courts shows different outcomes based on a different explanation method. In other words, case law is still under development and at this point it is not practicable to predict the potential financial impact.

Interest rate derivatives sold to SME clients

On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a panel of independent experts for advice on the reassessment of SME and middle-market interest rate derivatives. On 5 July 2016, the Uniform Recovery Framework prepared by this panel of independent experts was presented, and ABN AMRO has committed to this framework. The Uniform Recovery Framework was finalised on 19 December 2016. In the first quarter of 2020, all clients received a letter containing the outcome of the reassessment. As it is unclear how the Uniform Recovery Framework will impact pending and future litigation, this is considered a contingency and no provision is made. In this respect, reference is made to Note 19 Provisions.

Cum/ex transactions

German authorities are conducting investigations into the involvement of individuals from various banks and other parties in equity trading extending over dividend record dates in Germany, including several forms of tainted dividend arbitrage, i.e. dividend stripping (including cum/ex). ABN AMRO's legal predecessor, Fortis Bank (Nederland) N.V., ABN AMRO and several (former) subsidiaries were directly or indirectly involved in these transactions in the past. Certain criminal investigation proceedings relate to the activities of these entities and individuals involved at the time. This also resulted in search warrants being issued against ABN AMRO. Furthermore, ABN AMRO frequently receives information requests from German authorities in relation to other (criminal) investigations. ABN AMRO cooperates and provides the requested information to the fullest extent possible. Although a number of subsidiaries associated with these transactions have been sold by means of a management buy-out, legal risks remain for ABN AMRO, in particular relating to criminal and civil law.

All material tax issues with respect to ABN AMRO’s reclaims for cum/ex transactions have been settled with the German tax authorities.

It cannot be excluded that ABN AMRO or subsidiaries will be faced with financial consequences as a result of their involvement in dividend stripping transactions, including penalties and other measures under criminal law and civil law claims. It is currently unclear, however, how the German prosecution authorities’ investigations will impact ABN AMRO and its subsidiaries and whether penalties or forfeiture orders will be imposed. It is also uncertain whether tax authorities or third parties will successfully claim amounts from ABN AMRO in (secondary) liability or other civil cases. Therefore, the financial impact cannot be reliably estimated at this time and no provision has been made.

Cross liabilities

Section 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in Note 34 of the 2019 consolidated Annual Financial Statements, ABN AMRO was subject to a demerger with RBS N.V. in 2010.

21 Related parties

Parties related to ABN AMRO Bank include NLF1 and the Dutch State with significant influence, associates, pension funds, joint ventures, the Executive Board, the Executive Committee, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. ABN AMRO has applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27.

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Transactions conducted 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.

Loans and advances to the Executive Board, Executive Committee members and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions. For further information, please refer to Note 37 of the Consolidated Annual Financial Statements 2019.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2020				
Assets	13	539		552
Liabilities	28	443		471
Guarantees given		15		15
Guarantees received				
Irrevocable facilities		40		40
First half 2020				
Income received	16	3		19
Expenses paid	5	15	121	140
31 December 2019				
Assets	8	403		412
Liabilities	80	469		548
Guarantees given		15		15
Guarantees received				
Irrevocable facilities		56		56
First half 2019				
Income received	16	6		22
Expenses paid	4	4	146	154

Assets with associates increased by EUR 136 million at 30 June 2020 compared with 31 December 2019, mainly due to higher balances on current accounts held by other financial corporations, which were partly offset by lower balances on loans and advances banks - term loans with financial institutions, lower balances on current accounts held by other financial institutions and lower balances on term loans held by non-financial corporations.

Liabilities with joint ventures decreased by EUR 52 million at 30 June 2020 compared with 31 December 2019, mainly due to lower balances on deposits with other financial corporations.

Irrevocable facilities with associates decreased by EUR 16 million at 30 June 2020 compared with 31 December 2019, due to utilised facilities on credit lines related to the newly introduced ATM machines within Geldmaat in 2019.

Expenses paid in associates increased by EUR 11 million at 30 June 2020 compared with 30 June 2019 mainly due to the non-financial corporation Stater. ABN AMRO sold 75% of its share in Stater in 2019; the remaining interest of 25% is qualified as a related party.

Expenses paid in the column Other reflect pension contributions paid to the ABN AMRO pension fund. The decrease in defined contribution paid was mainly related to the new CLA agreement.

Balances with the Dutch State

(in millions)	30 June 2020	31 December 2019
Assets:		
Financial assets held for trading	2,059	177
Derivatives	265	438
Financial investments	5,006	4,888
Loans and advances customers	1,157	1,007
Other assets		
Liabilities:		
Financial liabilities held for trading	424	80
Derivatives	1,347	1,343
Due to customers	815	826
Other liabilities	1	1
	First half 2020	First half 2019
Income statement:		
Interest income	42	46
Interest expense	20	21
Net trading income	-185	-249

On 1 April 2010, ABN AMRO signed an indemnity agreement with the Dutch State (currently represented by NLFI) for a shortfall in capital above a certain amount related to specific assets and liabilities of RFS Holdings B.V. In 2019, Royal Bank of Scotland (RBS) acquired all shares in RFS Holding. However, NLFI has given certain warranties related to its previously owned shares in RFS Holdings and the indemnity agreement continues to exist. RFS Holdings is sufficiently capitalised. Consequently, ABN AMRO has assessed the risk for any shortfall as remote.

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

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

Financial assets held for trading and financial liabilities held for trading increased by EUR 1.9 billion and EUR 0.3 billion respectively at 30 June 2020 compared with 31 December 2019, mainly due to an increase in Dutch government bonds as a result of primary dealership in the Netherlands and of client facilitation. Most of these contracts are hedged with short positions in government bonds.

Derivatives related to assets decreased by EUR 0.2 billion at 30 June 2020 compared with 31 December 2019, mainly due to a decrease in lending positions with the Dutch State. Derivatives transactions with the Dutch State are related to the normal course of business.

Loans and advances customers increased by EUR 0.2 billion at 30 June 2020 compared with 31 December 2019, due to an increase in cash collateral pledged as a result of an increase in financial liabilities held for trading.

Net trading income increased by EUR 64 million to a loss of EUR 185 million at 30 June 2020 (30 June 2019: loss of EUR 249 million), mainly due to trading results on the sale of Dutch government bonds.

22 Post balance sheet events

At the presentation of the FY 2019 results, a review of the Corporate & Institutional Banking's (CIB) activities was announced. Over the years, CIB has been unable to generate the required profitability at an acceptable risk level.

In August 2020, ABN AMRO's executive board has decided to exit all non-European corporate banking activities, except for Clearing. The Trade & Commodity Finance activities will be exited and in Natural Resources and Transportation & Logistics the focus will be on European clients only. Consequently, the corporate banking presence in the United States, Asia, Australia and Brazil will be wound down. Clearing will retain its global presence.

CIB will be split into core and non-core. CIB non-core will be managed separately. It currently includes around EUR 18 billion of client loans (around 45% of CIB clients loans), representing around EUR 14 billion of RWA, equaling approximately 35% of CIB's RWA and over 10% of total RWA. Around 80% of the CIB non-core portfolio will mature by 2023 (natural run-off). Options to accelerate the run-down process, will be explored. The total loan impairment allowance for the CIB non-core portfolio is EUR 1.4 billion. Based on the decision taken in August 2020, ABN AMRO expects to recognise a provision for staff-related costs of around EUR 200 million and an impairment of deferred tax assets in the range of EUR 80-120 million in Q3 2020.

Independent auditor's review report

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

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the accompanying interim report of ABN AMRO Bank N.V. (hereinafter: ABN AMRO or the bank) based in Amsterdam for the period from 1 January 2020 to 30 June 2020.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of ABN AMRO for the period from 1 January 2020 to 30 June 2020, are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- ▶ The condensed consolidated statement of financial position as at 30 June 2020
- ▶ The following consolidated statements for the period from 1 January 2020 to 30 June 2020: the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity and cash flows
- ▶ The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial statements section of our report.

We are independent of ABN AMRO in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter relating to uncertainty about Corona

The developments around the Corona (Covid-19) pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The impact may continue to evolve, giving rise to complexity and inherent uncertainty. ABN AMRO is confronted with this uncertainty as well. The condensed consolidated interim financial statements and our review report thereon reflect the conditions at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the Risk, funding & capital information section (chapters 'Risk developments' and 'Update on Covid-19 relief measures') and in the notes to the condensed consolidated interim financial statements in note 1 'Accounting policies – Critical accounting estimates and judgements'. We draw attention to these disclosures. Our conclusion is not modified in respect of this matter.

Responsibilities of management and the Supervisory Board for the condensed consolidated interim financial statements

Management is responsible for the preparation and presentation of the condensed consolidated interim

financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the bank's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- ▶ Updating our understanding of the bank and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- ▶ Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- ▶ Making inquiries of management and others within the bank
- ▶ Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements
- ▶ Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to, the bank's underlying accounting records
- ▶ Evaluating the assurance evidence obtained
- ▶ Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- ▶ Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- ▶ Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement

Amsterdam, 11 August 2020

Ernst & Young Accountants LLP

Signed by **W.J. Smit**

Enquiries

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Investor call

A conference call for analysts and investors will be hosted on Wednesday 12 August 2020 at 11:00 am CET (10:00 London time). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

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

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

Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements, that may constitute “forward-looking statements”. This includes, without limitation, such statements that include the words “expect”, “estimate”, “project”, “anticipate”, “should”, “intend”, “plan”, “probability”, “risk”, “Value-at-Risk (“VaR”)", “target”, “goal”, “objective”, “will”, “endeavour”, “outlook”, “optimistic”, “prospects” and similar expressions or variations of 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 regarding future events, many of which are by nature inherently uncertain and beyond our control. Factors that could cause actual results to deviate materially from those anticipated by forward-looking statements include, but are not limited to, macroeconomic, 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.